Monetary and Fiscal Interaction Since the Accord*

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Abstract

We digitize the full record of Federal Reserve officials' regular congressional testimony since 1951 and analyze it with a structured large language model framework. Surprisingly, these hearings contain substantial discussion of fiscal policy and its relation to monetary policy. We find that the direction of the monetary response the officials describe, and the mechanisms they invoke, have shifted substantially over the post-Accord era. The fiscal–monetary mix expressed at a hearing is also associated with market outcomes: when the described monetary stance leans against the fiscal stance, the stock–bond correlation and bond volatility rise on the hearing day. Finally, we document a three-wave increase in the politicization of these hearings, in the early 1990s, with the Global Financial Crisis, and after 2018, concentrated precisely in the statements where fiscal and monetary policy are jointly discussed. Taken together, the results suggest that Federal Reserve officials have consistently viewed monetary policy as conditional on the fiscal environment.

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1. Introduction

The interaction between monetary and fiscal policy is central to macroeconomics. It lies behind classic debates over inflation control, debt sustainability, policy coordination, and the determination of the price level, and it features prominently in market commentary during periods of high public debt, large fiscal interventions, or unusual monetary accommodation. Yet despite this importance, there is little systematic empirical evidence on how policymakers themselves describe the link between fiscal actions and monetary policy. The literature generally studies monetary–fiscal interaction indirectly, inferring policy regimes from macroeconomic outcomes or imposing them through structural models. The policy-reaction mapping at the center of the theory—how the central bank says its policy responds to the fiscal environment—has remained largely unmeasured.

In this paper, we study the monetary–fiscal interaction from the words of Federal Reserve chairs. Since the Treasury–Fed Accord of 1951 restored the Federal Reserve's independence from the Treasury,[1] the chair has been required to explain and defend monetary policy before Congress on a recurring basis, and members of Congress have used these hearings to ask the chair directly about fiscal developments, deficits, inflation, and interest rates. Unlike FOMC statements, which are carefully standardized and narrowly focused on current policy, congressional testimony elicits broader explanations of how fiscal actions shape the environment in which monetary policy operates. The testimony record therefore provides a long, recurring, and high-stakes setting in which the Federal Reserve's own account of fiscal–monetary interaction is committed to the public record, making it a useful source of data for studying the relationship between monetary and fiscal policy.

We use the full post-Accord record of Federal Reserve congressional testimony to construct a new measure of fiscal–monetary interaction. The data span 1951 through 2023, covering the complete period in which the Federal Reserve has operated with formal independence from the Treasury. We restrict attention to the nomination hearings for Federal Reserve officials and the semiannual Humphrey–Hawkins testimony and its successor, the Monetary Policy Report hearings. We define the unit of observation as a question-and-answer exchange between a member of Congress and the Fed official. We then apply a structured coding framework to each exchange using a large language model (LLM). The framework proceeds hierarchically. It identifies whether a discrete fiscal policy is being discussed, whether the Fed official acknowledges a link between that fiscal policy and monetary policy, how the monetary policy is said to respond, and the transmission mechanism being

[1] The Accord, reached in March 1951, ended the Federal Reserve's wartime obligation to peg the prices of Treasury securities. See Hetzel and Leach (2001) for a narrative account.

invoked. All responses are accompanied by a confidence score and a supporting quotation, which we use to audit the classifications.

We first document that fiscal–monetary linkages are common in the testimony record. Most exchanges reference a discrete fiscal policy action, and when they do, the Fed official usually acknowledges at least some connection between that action and monetary policy. A much stricter standard—requiring the Fed official to articulate the causal chain between the fiscal and monetary policy explicitly and unambiguously—is met in approximately a quarter of exchanges. This indicates that the willingness to acknowledge some connection is a regular feature of testimony rather than a historical rarity. This pattern holds across different Fed officials, although its intensity varies over time.

Second, we find that the direction of the monetary response described in testimony contains economically meaningful information. We classify the monetary response as either tighter, looser, or conditional/unspecified. Among exchanges with a substantive answer, we find that the Fed official describes monetary policy as pushed tighter by the fiscal action in nearly half of the cases, while approximately 40% describe it as being loosened or accommodating. The composition of these responses tracks the macroeconomic regime. Tighter responses are more concentrated during the periods of high inflation (under Burns and Volcker), when the Fed officials repeatedly described deficits as forcing higher interest rates than would otherwise prevail. Looser responses become more common under Greenspan and Bernanke, most visibly in the post-2008 period at the zero lower bound. Tighter responses then resurge under Powell, with the return of inflation and the pandemic-induced fiscal expansions.

Next, we validate that the measure recovers variation in the policy mix that matters for investors. We match each hearing to the trading day on which it occurs and classify that day by the hearing's dominant fiscal stance and monetary policy direction. In daily panel regressions with year×month fixed effects, we compare hearing days to non-hearing days. We find that the mere occurrence of a hearing is associated with movements in the bond market: on average, the stock–bond return correlation is higher, the absolute bond return is larger, and the bond realized variance is elevated on hearing days. However, the content of the hearing matters. When the described monetary stance leans against the prevailing fiscal stance, e.g., expansionary fiscal policy met by tighter monetary policy, the correlation rises further. On the contrary, hearings at which the two policies push in the same direction are statistically indistinguishable from non-hearing days. This is consistent with the idea that the market prices the policy mix, and it does so on exactly the days on which the mix is described as conflicting.

Finally, we study whether political frictions affect the relationship between the monetary

and fiscal authorities. We measure the partisan tone of the hearings directly from the text. Every statement by every speaker in the corpus is scored for sentiment by an LLM, with each congressional speaker matched to a party. We construct the annual gap between the Republican and Democratic sentiment toward the Fed. Structural break tests locate three breaks in the partisan gap, each coinciding with a significant political event: the early 1990s, with the realignment of congressional politics around the 1994 Republican takeover of the House; 2007, with the onset of the Global Financial Crisis; and 2018, amid renewed pressure on the Federal Reserve from the president. What changed at these breaks is the nature of the partisanship itself. Before the breaks, the tone with which a member questioned the Fed had little to do with which party held the White House. After the breaks, White House control becomes the dividing line: questioners from the president's party address the Fed in a systematically friendlier tone than questioners from the opposition party, and the pattern reverses when the presidency changes hands. The hearings thus increasingly serve as a venue for expressing support for, or opposition to, the incumbent administration. Strikingly, this rise in polarization is concentrated in statements in which monetary and fiscal policy are jointly discussed: the increase there is several times larger than in statements discussing monetary policy alone, fiscal policy alone, or neither. The hearings have become more partisan exactly where the two policies meet.

Taken together, the results show that Federal Reserve officials have not treated fiscal policy as irrelevant background noise. They have repeatedly described monetary policy as conditioned by the fiscal environment in ways that vary sensibly with the macroeconomic regime. The described policy mix is priced: bond-market movements are largest on hearing days when the two policies are described as being in conflict. The hearings themselves have become more politicized over the past three decades, most acutely in the statements where fiscal and monetary policy are jointly discussed.

The paper also makes a methodological point. We show how LLMs can be used to recover structured economic content from a long-run historical text corpus. The value of the approach is not that the model replaces economic judgment. On the contrary, it permits the researcher to apply a stable analytical framework at scale to a body of text that would otherwise be difficult to code consistently. This is particularly useful when the object of interest is qualitative, historically dispersed, and only intermittently articulated, as is the case with monetary–fiscal interaction in congressional testimony.

Related Literature. This paper contributes to a few strands of literature. First, it speaks to the literature on monetary–fiscal interaction. A classic starting point is Sargent and Wallace (1981), who show that monetary restraint cannot durably stabilize inflation if fiscal

policy is inconsistent with debt stabilization. Leeper (1991) formalizes this logic through the distinction between active and passive monetary and fiscal regimes, while Woodford (2001) shows that price stability requires not only an appropriate monetary rule but also an appropriate fiscal backing. More recent works emphasize that inflation and the price level are jointly determined by fiscal and monetary behavior rather than by monetary policy alone and that poor coordination is costly (Barro and Bianchi 2023; Bassetto and Sargent 2020; Bianchi and Melosi 2019; Cochrane 2023; Davig and Leeper 2011; Leeper and Leith 2016). The regimes at the center of this theory are latent: they must be inferred from macroeconomic outcomes or structural estimation. Our contribution is to observe a counterpart of the regime directly, in the monetary authority's own description of how fiscal actions bear on its policy—a dated, classified record of the described policy mix at the frequency of individual hearings over seven decades. In this respect, this paper shares the spirit of the narrative approach of Romer and Romer (2004): we apply a fixed coding framework to the testimony record at scale and extract the fiscal–monetary reaction rather than the policy shock.

Second, this paper contributes to the literature on central bank communication. Surveys such as Blinder et al. (2008) argue that communication has become a policy instrument in its own right, and Kohn and Sack (2003) show that Federal Reserve communication, including congressional testimony, moves market interest rates. Subsequent work applies text methods to central bank communication systematically. Hansen and McMahon (2016) extract multidimensional policy shocks from central bank language, Hansen et al. (2018) study deliberation within the FOMC, and Shapiro and Wilson (2022) estimate central bank objectives from text. Most closely related are papers studying congressional testimony by Fed chairs. Alexopoulos et al. (2024) show that testimony conveys market-moving information through words, tone, and visual cues. Gordon and Lunsford (2024) show that Monetary Policy Report testimony generates especially strong market reactions. Swanson (2023) emphasizes Fed chair speeches and testimony as a policy tool. These papers treat testimony primarily as a source of monetary-policy news. We treat the testimony record as data on the content of policy reasoning, and we show that its fiscal–monetary content—not merely its occurrence—organizes market outcomes.

Third, this paper relates to the literature on the political economy of the Federal Reserve, which documents recurring political pressure on the Fed and its effects on the market (Bianchi et al. 2019; Binder 2021; Havrilesky 1993). We show that the hearings have become more partisan over time, and that the increase in partisanship is concentrated in statements in which fiscal and monetary policy are jointly discussed. This suggests that the politics surrounding the Fed increasingly run through the fiscal–monetary relationship itself. Methodologically, we build on the text-based measurement of partisanship in congressional speech (Gentzkow

et al. 2019) and the broader text-as-data literature (Gentzkow et al. 2019). Relative to this work, we measure the partisan tone of the specific venue in which the monetary authority formally answers to Congress, date its structural breaks from the text alone, and show that the polarization concentrates in fiscal–monetary content.

The remainder of the paper proceeds as follows. Section 2 describes the data, Section 3 presents the fiscal–monetary interaction results, Section 4 studies the politicization of the hearings, and Section 5 concludes.

2. Data

This section describes the data used in the analysis. Our data combine three building blocks. First, we construct the testimony corpus: the record of Federal Reserve congressional testimony from 1951 through 2023, segmented into question–answer exchanges and analyzed with a structured LLM framework. Second, we process the same corpus at the level of individual speaker statements to measure the topics and the partisan tone of congressional speech. Third, we construct daily bond- and stock-market outcomes from intraday futures data and match them to hearing dates. The details are in the Internet Appendix.

2.1. Congressional Testimony Corpus

The primary data source is the record of Federal Reserve congressional testimony from 1951 through 2023, obtained from ProQuest Congressional. The starting date is not arbitrary: the Treasury–Fed Accord of March 1951 ended the Fed's wartime obligation to peg Treasury yields and established the modern separation between the monetary and fiscal authorities (Hetzel and Leach 2001). Congressional oversight is the institutional counterpart of that separation. An independent central bank answers to Congress rather than to the Treasury, and since the Full Employment and Balanced Growth Act of 1978 (the Humphrey–Hawkins Act), this accountability has taken a regular form: the chair testifies twice a year, before the House and Senate banking committees, on the conduct of monetary policy. When the Act's reporting requirement lapsed, the practice continued as the semiannual Monetary Policy Report hearings. The sample spans the tenures of eight Fed chairs—Martin, Burns, Miller, Volcker, Greenspan, Bernanke, Yellen, and Powell—covering the full post-Accord era.

We restrict attention to the recurring oversight venues: the semiannual Humphrey–Hawkins and Monetary Policy Report hearings, together with nomination hearings for Federal Reserve officials. These venues provide structured, recurring forums in which the official directly addresses fiscal–monetary interactions in response to member questions, and their

regularity means that the composition of the corpus is driven by the calendar rather than by the events under discussion.

The unit of observation is an individual question–answer exchange, defined as a contiguous block of dialogue between a single congressional questioner and the Fed official. Exchanges are long enough to establish policy context but short enough to represent a coherent analytical unit. An exchange begins when a member takes the floor and ends when the floor passes to the next member, and therefore typically consists of multiple sentences. A representative exchange has a congressional member pressing the official on the monetary implications of a fiscal development and the official responding in kind—"The Federal Reserve, in formulating monetary policy, certainly needs to take into account fiscal policy developments" (Greenspan, 1993)—and it is precisely this structure, a fiscal premise met by a monetary answer, that we seek to identify and analyze. The resulting sample of exchanges is the basis of the LLM coding framework described below.

We identify 818 such exchanges across the full sample period. The majority of exchanges (675 of 818, 82.5%) contain at least one reference to a discrete fiscal policy action, as determined by the classification procedure described below. The remaining exchanges address monetary policy or general economic conditions without fiscal content and are retained as a comparison group. The fiscal exchanges are distributed across all eight Fed chair tenures, with the largest counts under the two longest-serving chairs of the high-deficit decades: 188 under Volcker and 229 under Greenspan, against 104 under Bernanke, 71 under Powell, and 13–39 under each of Martin, Burns, Miller, and Yellen (Table 2). The concentration reflects both tenure length and the salience of fiscal policy in the hearings of the 1980s and 1990s. None of our time-series results rely on comparing raw counts across eras: throughout, we report shares within era or control for time effects.

2.2. LLM Analysis Framework

We develop a six-question framework to analyze the exchanges. The framework is designed to capture how a reader would work through the transcript by hand, and it is implemented by an LLM that applies it identically to every exchange in the corpus. The first question (*Q1*) asks whether the exchange references a discrete fiscal policy action, as opposed to having no fiscal content or discussing a purely hypothetical scenario. Exchanges for which the answer is negative form the comparison group described above. For the exchanges that pass, the next two questions record the basic characteristics of the referenced action. The second question (*Q2*) asks about the temporal status of the action (whether it has already occurred, is proposed, or is mixed), and the third question (*Q3*) asks about its

macroeconomic orientation (whether it is expansionary, contractionary, or mixed).

The fourth question measures the central object of the paper: whether the official connects the fiscal action to monetary policy. It records the connection at three increasing levels of strength: implicit (*Q4a*), strongly suggested (*Q4b*), or an explicit and unambiguous articulation of the causal chain from the fiscal action to the monetary response (*Q4c*). For exchanges in which a connection is established, the remaining two questions record the content of the described response. The fifth question (*Q5*) asks about the direction of the response, i.e., how the monetary policy will be affected. The sixth question (*Q6*) asks about the mechanism of the response, i.e., why the monetary policy will be affected, or through which transmission channel the fiscal action will influence the monetary response. The responses to the fifth and sixth questions are subsequently classified into categories used in the analysis in a separate classification step (Appendix C).

With the questionnaire in hand, we implement a structured LLM framework to apply the questionnaire to the full corpus. The model we use is Claude Opus 4.6. It is prompted to read each exchange independently of all others and to answer the six questions in a structured format. Alongside each answer, the model records a confidence score on a 0-to-5 scale, a short rationale, and supporting text from the exchange for every answer, which allows every classification to be audited against the transcript. The full prompt and implementation details are reproduced in Appendix B.[2]

The LLM framework yields the following sample. Of the 818 exchanges, 675 reference a discrete fiscal action, 427 of which contain a substantive answer on the direction and mechanism of the monetary response, and 171 of which meet the strictest standard, i.e., the official explicitly discusses the causal chain from the fiscal action to the monetary response. The remaining 143 exchanges reference no discrete fiscal action and form the comparison group. The mean confidence score is 3.9 out of 5, and confidence is systematically lower for the interpretive questions (*Q4b*, *Q4c*, and *Q5*) than for the more factual questions (*Q1*–*Q3*), consistent with the greater difficulty of establishing the direction and mechanism of the monetary response than the presence or orientation of a fiscal action (Figure 8). The distribution of exchanges across Fed chair tenures is reported in Table 2.

[2]The coded classifications contain error, as any text-based measure does. Each question is answered independently of the market data and of the exchange's political context, limiting the scope for the classification procedure to mechanically generate the relationships we study. The verbatim supporting quotations allow the classifications to be audited directly.

2.3. Topics and Partisan Tone of Congressional Speech

The fiscal–monetary reasoning we measure is articulated in a political venue: the same hearings serve members of Congress as a stage for oversight or for partisan positioning, and the tone of the questioning both shapes and reflects the political pressure under which the Fed operates. To measure the political environment of the hearings themselves, we process the same corpus at a finer level: every statement by every speaker—members of Congress as well as Fed officials—across the 292 hearing documents, 68,986 speaker statements in total. Figure 1 uses these statements to plot the share of hearing speech devoted to fiscal and monetary policy since 1951. The construction details are in Appendix D.

We first classify each statement into 11 macro-financial topics, including fiscal policy, monetary policy, debt and deficits, and inflation. We use a separate LLM (GPT-4o mini) to assign each statement a yes-or-no answer for each topic and to quote a supporting sentence for every yes. We retain statements with valid answers on all 11 topics, yielding 68,044 statements. The fiscal policy and monetary policy indicators partition the corpus into 4 content categories used in Section 4: statements discussing both fiscal and monetary policy, monetary policy only, fiscal policy only, and neither.

Then, we measure the tone of each statement. The same model (GPT-4o mini) assigns each statement a sentiment score from -1 (most negative) to $+1$ (most positive) and quotes an exact supporting sentence for non-neutral scores. We adopt three variants of the scoring prompt, which differ in the granularity and format of the elicited score. Sentiment 1 elicits a discrete score, i.e., it takes values in $\{-1, 0, +1\}$, while Sentiment 2 and Sentiment 3 elicit continuous scores in $[-1, 1]$. Sentiment 2 is our headline measure, and agreement across the three variants serves as an internal robustness check throughout.

Finally, we match each congressional speaker in each hearing to a party affiliation using a hand-collected speaker–hearing–year record. Statements by speakers without a Republican or Democratic affiliation—Fed officials, witnesses, and staff—are excluded from the partisanship analysis, and the party of the president is assigned by the calendar year of the hearing. Not every statement enters the politicization analysis of Section 4. We require a party match and a valid sentiment score, which leaves 42,626 statements in the semiannual and nomination hearings, and roughly 30,000 in the semiannual hearings alone.

2.4. Market Data

We measure the stock–bond relationship using one-minute intraday returns computed from tick-level data on two futures contracts: the E-mini S&P 500 futures contract and the 10-year Treasury note futures contract. Tick-level data are obtained from TickData LLC. The

two series are merged on a common one-minute timestamp, and log returns are computed within each trading day.

From the intraday returns we construct three daily series. The daily realized correlation is the Pearson correlation of the one-minute stock and bond log returns within the day, retaining only days with at least 30 one-minute observations. The absolute bond return is the absolute open-to-close log return on the 10-year Treasury futures, in percentage points. Bond realized variance is the sum of squared one-minute bond log returns within the day, scaled by $10,000$ (basis points squared). The resulting daily panel—the estimation sample for the fiscal–monetary policy-mix analysis of Section 3—comprises 10,916 qualifying sessions, with a mean daily realized correlation of -0.045. The policy-mix regressions report $N = 10{,}925$ because nine sessions host two same-day hearings and enter once per hearing.

Finally, we match each congressional hearing to the trading day on which it occurs. 180 hearings in the analyzed corpus fall on qualifying trading days. Each hearing day is classified by the hearing's dominant fiscal stance (*Q3*) and monetary policy direction (*Q5*), and all remaining trading days form the non-hearing reference group.

3. The Fiscal–Monetary Interaction

This section presents the empirical analysis of the fiscal–monetary interaction in three steps. We first document the prevalence of fiscal–monetary discussion in the testimony record: which fiscal actions are discussed, and how often the official links them to monetary policy. Second, we classify the direction of the described monetary response and the transmission mechanisms the official invokes, and we trace both over the post-Accord era. Third, we validate the measures against market data, relating the fiscal–monetary policy mix expressed at a hearing to bond-market outcomes on the hearing day. Section 4 then turns to the politicization of the hearings themselves.

3.1. Classifying the Fiscal–Monetary Discussion

3.1.1. Fiscal Policy Actions

We begin by asking which fiscal actions the hearings discuss. We construct a catalog of 30 named fiscal policy actions referenced in exchanges with an affirmative *Q1*, identified by keyword matching in the dialogue text and in the LLM's rationale and quotation fields. The actions range from named legislative episodes, e.g., Kemp-Roth (1981), Gramm-Rudman-Hollings (1985), OBRA 1993, and the Tax Cuts and Jobs Act (2017), to relatively broad categories such as defense spending changes, Social Security reform, debt ceiling standoffs,

and COVID-era relief legislation.

Table 1 ranks the 30 actions by the number of exchanges in which they are referenced. For each action, we report the total count (n), the number of exchanges in which the official linked fiscal and monetary policy at any level ($Q4a$), the number satisfying the explicit-causal-chain criterion ($Q4c$), and the calendar years in which the action appears. Categories are not mutually exclusive: a single exchange may reference multiple actions. The most frequently cited actions are discussions on balanced budgets (62 exchanges), Reagan-era supply-side tax cuts (50), and defense spending (47). The $Q4c$ rates vary substantially across actions, from 0 to 60%. The official's willingness to articulate an explicit fiscal–monetary linkage is thus sensitive to the nature of the fiscal action under discussion: it is highest for the contested budget legislation of the 1980s (e.g., Gramm-Rudman-Hollings), in which the monetary consequences of fiscal choices were precisely what was being negotiated, and lowest for stimulus legislation passed in crisis conditions (e.g., ARRA).

Tables 3 and 4 report the $Q4c$ rates by the temporal status ($Q2$) and the stance of the fiscal action ($Q3$). Explicit articulation is more common for contractionary actions (31%) than for expansionary ones (22%). This is intuitive: when Congress debates cutting the deficit, the monetary response is part of the bargain itself, with members asking directly whether lower deficits would allow lower interest rates. Whether the action has already occurred or is merely proposed makes little difference (23% in each case).

3.1.2. Frequency of Fiscal–Monetary Discussion Over Time

We next ask how often the official acknowledges the connection between the fiscal action and monetary policy, and whether this willingness has changed over the post-Accord era. We measure the acknowledgement at the three $Q4$ levels, and we trace the shares over time, across Fed chairs, and across the composition of the fiscal discussion itself.

Figure 2 plots the five-year trailing share of fiscal exchanges satisfying each of the three $Q4$ levels. The share of exchanges with at least an implicit connection ($Q4a$) averages approximately 80% across the sample. In words, the official nearly always acknowledges some link between fiscal conditions and monetary policy when fiscal policy is on the table. In contrast, the share with an explicit connection ($Q4c$) is much lower and more variable. It rises during episodes of acute fiscal–monetary tension, e.g., the Volcker disinflation, the deficit battles of the 1980s and 1990s, and the post-2008 fiscal expansion, and it declines during periods of consensus.

Table 2 reports the same rates by Fed chair. The share with at least an implicit connection ($Q4a$) is high for every chair, ranging from 100% under Martin to 68% under Powell. The share with an explicit connection ($Q4c$) varies far more, exceeding 50% under Martin

and dropping below 10% under Bernanke. Thus, the results imply that the willingness to acknowledge some fiscal–monetary connection is a persistent feature of the Fed's congressional testimony, but the willingness to explicitly articulate the causal chain is not: it has declined over time, consistent with the rise of guarded and carefully hedged central bank communication (Blinder et al. 2008).

Figure 4 plots the composition of the fiscal exchanges over time, by the temporal status of the action (*Q2*, Panel A) and by its stance (*Q3*, Panel B). Discussions of proposed actions predominate ahead of major budget negotiations, and discussions of occurred actions rise once legislation is enacted. Episodes of fiscal consolidation, e.g., the sequester and the fiscal cliff, generate concentrated spikes in the contractionary share. Thus, the classification results line up with the timing of actual fiscal events, a first indication that our framework captures the real content of the hearings.

3.1.3. Direction of Monetary Policy Response

Having established that the officials regularly link fiscal actions to monetary policy, we now ask in which direction. Does the fiscal action under discussion push monetary policy to be tighter or looser? The answer characterizes the policy mix as the Fed itself describes it. To do so, we classify the *Q5* responses into three mutually exclusive categories using a second LLM classification step. The classification rules are in Appendix C. The categories, with illustrative quotations from the record, are as follows.

The first category is "Tighter." It captures exchanges in which the official indicates that the fiscal action pushes monetary policy to be tighter than it otherwise would be, e.g., through crowding out, aggregate-demand pressure, or reduced room to maneuver. The classic example is Volcker testifying during the deficit battles of the early 1980s: "we can't cure the basic problem resulting from the percentage of the credit market availabilities absorbed by the Federal budget by creating an excessive amount of money and credit in total, because then we would come back to the inflation side of the dilemma" (Volcker, 1982).

The second category is "Loosen." It captures exchanges in which the official indicates that the fiscal action pushes monetary policy to be looser than it otherwise would be, e.g., through offsetting fiscal drag or improved fundamentals. Yellen testifying during the post-crisis period is an example: "[...] fiscal policy has been a factor, in my view holding back the recovery. And that is what monetary policy has had to counteract, and that is in part why we have needed such an accommodative monetary policy for so long" (Yellen, 2014).

The last category is "Conditional/Unspecified." It captures exchanges in which the official declines to commit to a direction or conditions the response on the future path of fiscal policy. Yellen's testimony in 2017 is an example: "it is one of many factors that could

affect monetary policy decisions. So I think the answer is yes, they could. Exactly how depends on the timing" (Yellen, 2017).

Over the full sample, approximately 48% of the classified exchanges describe a tighter response, 39% a looser one, and 13% remain conditional or unspecified. These averages mask substantial variation over time. Figure 3 plots the five-year trailing share of each category among the classified exchanges. Tighter responses dominate the high-inflation Burns and Volcker years, at roughly two-thirds of the classified exchanges in 1970–87, consistent with the Fed's deliberate use of tight monetary policy to break inflationary expectations in the face of expansionary fiscal deficits. Loosen responses become the majority under Greenspan and Bernanke, as the Fed increasingly cast itself as offsetting fiscal drag. This is most visible in the post-2008 period, when chairs repeatedly described monetary policy as compensating for fiscal contraction at the zero lower bound. Tighter responses then resurge under Powell, at roughly two-thirds of post-2018 exchanges, coinciding with the return of inflation and the large pandemic-era fiscal expansions. Hence, the time series traces the described policy mix through three distinct configurations of the post-Accord era, recovered from the officials' own words rather than from estimated reaction functions (Bianchi and Melosi 2019; Davig and Leeper 2011).

3.1.4. Transmission Mechanisms

The direction of the response tells us how monetary policy reacts, but not why. We therefore ask which economic channel the official invokes when connecting the fiscal action to the monetary response. Using the same classification step that processes the *Q5* responses, we classify the *Q6* responses into ten transmission-mechanism categories. The classification is multi-label: a single exchange may invoke more than one channel. Table 5 lists the ten categories, together with a brief description and the share of classified exchanges assigned to each. The most common mechanisms are crowding out in credit markets (42%) and aggregate-demand pressure (38%), followed by burden sharing between the two instruments and the forecast/outlook channel (35% each).

Figure 5 presents five-year trailing shares for each mechanism. Crowding-out and aggregate-demand channels dominate the early sample. From the mid-1990s onward the forecast/outlook and fiscal-drag channels rise sharply in prominence, reflecting the shift toward outlook- and expectations-based accounts of the fiscal–monetary transmission. Notably, the debt-monetization channel appears in only 9% of the classified exchanges, even though it is the central mechanism of Sargent and Wallace (1981), in which persistent deficits eventually force the central bank to finance the government. Officials acknowledge fiscal pressure far more often through the market and expectations channels than through the direct channel

the theory emphasizes. The mechanism series thus record not only what the Fed said it would do about fiscal policy, but the evolving economic doctrine through which it reasoned: the same deficit that was once described as absorbing a fixed pool of credit is later described as shifting the forecast that feeds the policy decision.

3.2. The Fiscal–Monetary Policy Mix and the Market Response

We next ask whether the fiscal–monetary interaction expressed at a hearing matters for asset prices on the hearing day. The natural place to look is the joint behavior of stocks and bonds. The sign of the stock–bond correlation reflects the dominant macroeconomic risk the market is pricing (Baele et al. 2010; Campbell et al. 2020). The correlation is positive when inflation or growth-uncertainty shocks dominate, as adverse shocks harm both assets at once. It is negative when real demand shocks dominate, as bad news for growth is good news for bonds. Because the dominant risk is itself shaped by the interaction of monetary and fiscal policy, the realized correlation is a natural summary statistic for the policy environment. We study it alongside the two volatility outcomes from Section 2: the absolute bond return and the bond realized variance.

We estimate daily panel regressions in which the unit of observation is the trading day. For each bond-market outcome, we regress the daily value on indicators for the fiscal–monetary policy mix expressed at any congressional hearing held that day. All coefficients are measured relative to the reference group of remaining trading days, which includes hearing days with a mixed fiscal stance, a conditional or unspecified monetary direction, or no fiscal–monetary classification. Every specification includes year×month fixed effects, and standard errors are clustered by calendar year.

We estimate three regressions that differ only in how finely the hearing days are classified. The first regression uses one indicator that marks every hearing day, capturing the average effect of a hearing regardless of its content. The second regression splits the hearing days into two groups: "offsetting" hearings, in which the fiscal and monetary stances push in opposite directions, e.g., expansionary fiscal policy met by tighter monetary policy, and "aligned" hearings, in which the two stances push in the same direction. The third regression splits the hearing days further into the four fiscal–monetary cells: expansionary fiscal with tight monetary, contractionary fiscal with loose monetary, both tight, and both loose. The three regressions share the form

$$y_d = \alpha + \sum_k \beta_k \cdot \mathbf{1}[\text{mix}_d = k] + \delta_{m(d)} + \varepsilon_d, \tag{3.1}$$

where y_d is a daily bond-market outcome on trading day d, $\mathbf{1}[\text{mix}_d = k]$ is an indicator that day d is a hearing day in policy mix k, $\delta_{m(d)}$ is a year×month fixed effect, and the omitted category is all non-hearing days. A hearing contains many exchanges, and the exchanges within a hearing need not agree. To assign each hearing to a single policy mix, we take the most common answer: the hearing's fiscal stance is the most common *Q3* answer among its fiscal exchanges, and its monetary direction is the most common *Q5* answer among its fiscal exchanges. Each hearing's policy mix therefore reflects the dominant content of the session rather than any single exchange. Hence, each β_k measures the average difference in the daily outcome between policy-mix-k hearing days and otherwise-comparable non-hearing days in the same month.

Table 6 reports the results. Each of the three bond-market outcomes appears in three columns, one for each regression: the single hearing-day indicator, the offsetting and aligned split, and the four cells. The sample covers the daily panel described in Section 2 (N = 10,925: 10,916 trading sessions, of which nine host two same-day hearings and enter once per hearing). The first regression establishes the baseline. All three bond-market outcomes are elevated on hearing days relative to comparable non-hearing days. This is consistent with the existing evidence that the testimony of Fed officials moves markets (Alexopoulos et al. 2024; Gordon and Lunsford 2024).

The content of the hearing, however, matters beyond the fact of the hearing. Offsetting policy mixes show the largest effects on all three outcomes. They raise the daily stock–bond correlation by 0.055 ($t = 4.07$), which is larger in absolute value than the unconditional mean daily correlation of −0.045 (Figure 6). In words, the typical negative stock–bond comovement is undone on such days. Offsetting policy mixes also raise the absolute bond return by 0.121 percentage points and the bond realized variance by 0.077. In contrast, aligned policy mixes are statistically indistinguishable from non-hearing days for the stock–bond correlation and the absolute bond return.[3] The bond-market response is thus concentrated in hearings where monetary policy leans against the prevailing fiscal stance. The four-cell decomposition shows that both offsetting configurations contribute: expansionary fiscal policy met by tighter monetary policy raises the correlation by 0.046, and contractionary fiscal policy met by looser monetary policy raises it by 0.071. Appendix Table 16 repeats the analysis for equity-market outcomes. The pattern is similar but weaker, consistent with the bond market being the natural place where news about the policy mix is priced.

The concentration of the market response in the offsetting policy mixes is economically sensible. A hearing at which the described monetary stance leans against the prevailing fiscal

[3]For the realized variance, hearing days of any policy mix exhibit somewhat elevated volatility, but the offsetting policy mixes again show the largest increases.

stance is one in which the two authorities are described as pulling in different directions, the configuration that the coordination literature identifies as costly (Bianchi and Melosi 2019). It is on precisely those days that the pricing of macroeconomic risk moves. In contrast, hearings characterized by an aligned policy mix exhibit little differential market response relative to ordinary days.

4. The Politicization of the Hearings

The final question is whether the political environment of the hearings has itself changed. As discussed in Section 2.3, the hearings serve members of Congress both as a venue for oversight and as a stage for partisan positioning. We therefore measure the partisan tone of the hearings directly and test for structural change.

4.1. Measuring Partisan Tone

For each of the three sentiment measures described in Section 2.3, we construct an annual partisanship gap. The gap is the mean sentiment of statements by Republican members minus that of statements by Democratic members, computed over all party-matched statements in the semiannual hearings of that year. A positive gap means that Republican questioners address the Fed in a more positive tone than their Democratic colleagues.

The raw gap partly reflects simple co-partisanship: members of the president's party are friendlier toward the administration's economic record, and hence toward the Fed chair testifying about it. A regression of the annual gap on an indicator for a Republican president confirms this. The gap is 0.10 to 0.16 points higher on the $[-1, 1]$ sentiment scale under Republican presidents, and the presidential party alone explains more than a quarter of the gap's variance (Table 7, top panel). We therefore work with the part of the gap that the presidential party does not explain. Concretely, we regress the annual gap on the Republican president indicator and run all structural break tests below on the residual.

4.2. Structural Breaks in Partisan Tone

Table 7 reports three tests for a structural break in the residual gap. The first is a Chow test, which asks whether the mean of the gap differs before and after a pre-specified date. At 2000, the test rejects stability at the 5% level for all three sentiment measures. At 2007, it rejects far more strongly. The second test treats the break date as unknown. It computes the Chow statistic at every possible date, trimming the first and last 15% of the sample, and takes the largest value (the sup-Wald statistic). The largest statistic exceeds the 1%

critical value for every measure, and the date it selects is 2007 in all three cases. The third test allows for multiple breaks. The Bai–Perron procedure splits the series into segments with different means, with the number of segments chosen by BIC. It selects three breaks for every sentiment measure: an early-1990s break (1992–1995 across measures), 2007, and 2018.

The three estimated break dates line up with distinct political episodes. The early 1990s coincide with the realignment of congressional politics around the 1994 Republican takeover of the House, 2007 aligns with the Global Financial Crisis and the Fed's turn to unconventional policy, and 2018 aligns with the onset of open presidential pressure on the Federal Reserve (Bianchi et al. 2019). We emphasize that the tests recover these dates from the sentiment data alone. No political events enter the estimation.

4.3. Partisan Tone and White House Control

What changed at these breaks? Table 8 interacts the presidential-party effect with post-break indicators. The interaction measures how much more the partisan gap moves with the president's party after the break than before. In every specification, the interaction is positive, and it is largest and most precisely estimated for the 2007 and 2018 breaks. The magnitudes are striking. In the semiannual hearings, White House control barely mattered before 2007: the gap under a Republican president was higher by an insignificant 0.03 on the $[-1, 1]$ scale. After 2007, the same gap is higher by 0.16, which exceeds the entire presidential-party effect estimated over the full sample. In words, before the break, the two parties addressed the Fed in similar tones whoever held the White House; after the break, the tone of the hearings swings with the presidency. The same pattern holds in nomination hearings and in the pooled sample. The negative coefficients on the post-break indicators are the mirror image: under Democratic presidents, the relative tone of Republican questioners deteriorates sharply after the breaks.

We also examine the result at the level of individual statements, without any annual aggregation. For statement i in year t, we estimate

$$\begin{aligned} s_{it} = \beta_0 + \beta_1 R_i + \beta_2 P_t + \beta_3 D_t + \beta_4 (R_i \times P_t) + \beta_5 (R_i \times D_t) \\ + \beta_6 (P_t \times D_t) + \beta_7 (R_i \times P_t \times D_t) + \varepsilon_{it}, \end{aligned} \tag{4.1}$$

where s_{it} is the sentiment score of the statement, R_i indicates that the speaker is a Republican, P_t indicates that the president in year t is a Republican, and D_t indicates that year t is at or after the break date. Standard errors are clustered by year. The coefficient of interest is β_7, which measures the post-break change in the co-partisanship of tone. Ap-

pendix Table 15 reports the estimates with the break at 2000. The coefficient β_7 is positive and highly significant for all three sentiment measures. In words, before 2000, the tone of a member's questioning had little to do with which party held the White House. Afterward, White House control became the dividing line. The hearings increasingly serve as a venue for expressing support for, or opposition to, the incumbent administration rather than for overseeing monetary policy itself. This is the pattern that Gentzkow et al. (2019) document for congressional speech economy-wide, recovered here in the specific venue where the monetary authority answers to Congress.

The result is robust along the dimensions we can vary. It holds for all three sentiment measures, so it does not depend on how the sentiment score is recorded. It holds across hearing types: the interaction is of comparable magnitude in nomination hearings and in the pooled sample. Finally, the result is not a relabeling of some simpler change in tone. The specification includes all of the underlying main effects and pairwise interactions, so a general change in tone after 2000, a change specific to Republican speakers, and a change specific to Republican presidencies are each accounted for separately. What remains in the triple interaction is the change in co-partisanship itself: the extent to which a questioner's tone follows the White House more closely after 2000 than before.

4.4. Polarization Is Concentrated Where the Two Policies Meet

Finally, we ask which statements drive the increase in polarization. Table 9 re-estimates equation (4.1) separately on four mutually exclusive groups of statements, classified by content: statements that discuss both fiscal and monetary policy, monetary policy only, fiscal policy only, and neither.

Panel A reports β_7 for each group and each break date. Polarization did not rise uniformly across the corpus. Ranked by the size of the post-2007 increase, the statements that discuss both fiscal and monetary policy come first, followed by the monetary-only statements, the fiscal-only statements, and the remaining text. The same ordering holds for the 2018 break. In words, the tone of the hearings became most political exactly where members discuss how fiscal choices bear on the Fed's policy: the increase there is roughly six times that in ordinary testimony, and larger than in the statements about either policy alone. Panel B shows that this concentration is not noise. In a pooled regression, the post-2007 increase in the fiscal–monetary statements significantly exceeds that in all other testimony. The comparison against the monetary-only statements alone is positive but imprecise, reflecting the small number of fiscal–monetary statements.

Thus, the evidence in this section suggests that politicization of these hearings is not

uniform background noise. It loads precisely on the statements in which fiscal and monetary policy are jointly discussed, the same parts of the hearings from which our fiscal–monetary measures are constructed. The fiscal–monetary interaction is therefore not only a regular feature of how the Fed describes its policy; it has become the most politically contested part of the conversation between the Fed and Congress.

5. Conclusion

We study how the Federal Reserve has described the interaction between fiscal and monetary policy over the full post-Accord era. The congressional testimony of Fed officials provides a recurring, high-stakes venue in which this interaction is committed to the public record. We convert that record into data: 818 question–answer exchanges between members of Congress and Fed officials from 1951 through 2023, each analyzed with a structured LLM framework that identifies whether a discrete fiscal action is under discussion, whether the official links it to monetary policy, in which direction, and through which transmission channel. The resulting measures provide an observed, dated textual counterpart to a latent object of macroeconomic theory: the policy-reaction mapping between the fiscal and monetary authorities.

Three findings emerge. First, fiscal–monetary reasoning is a regular feature of the testimony record rather than a historical rarity. When a fiscal action is on the table, the official acknowledges some connection to monetary policy in approximately four out of five exchanges and explicitly articulates the causal chain in one out of four. The explicit rate varies across officials and fiscal actions, and it has declined over time as central bank communication has become more guarded. Second, the content of that reasoning is economically meaningful. The direction of the described monetary response tracks the macroeconomic regime, toward tightening under Burns, Volcker, and Powell and toward accommodation under Greenspan and Bernanke, and the invoked mechanisms migrate from crowding-out and deficit-finance channels toward outlook- and expectations-based channels. The measures also show up in asset prices. On hearing days when the described monetary stance leans against the prevailing fiscal stance, the stock–bond correlation, bond return magnitudes, and bond volatility all rise relative to comparable non-hearing days, while hearings at which the two policies are aligned are largely indistinguishable from ordinary days. Third, the venue itself has become markedly more politicized. Partisan differences in hearing tone exhibit structural breaks in the early 1990s, in 2007, and in 2018. After the later breaks, the tone of questioning becomes strongly tied to whether the questioner's party holds the White House, and the increase in polarization concentrates precisely in the statements where fiscal and monetary policy are

jointly discussed.

Overall, the evidence indicates that Federal Reserve officials have not treated fiscal policy as irrelevant background. They have described monetary policy as conditioned by the fiscal environment throughout the modern era, in ways that vary sensibly with the macroeconomic regime and that markets appear to price. At the same time, the oversight institution through which this reasoning reaches the public record is increasingly a partisan stage, most acutely where the two policies meet. To the extent that fiscal–monetary coordination relies on a credible, non-partisan channel of communication between the central bank and the legislature, the trends documented here bear directly on the debate over central bank independence in an era of large deficits and rising political pressure.

The measurement approach extends naturally beyond this setting, to other Fed communication venues, to other central banks facing their own fiscal authorities, and to structured models of monetary–fiscal regimes, for which our measures provide an observable counterpart to variables the models treat as latent. Whether the politicization we document feeds back into the conduct of monetary policy itself, i.e., whether a more partisan hearing changes what the Fed says or does, is a question our descriptive evidence cannot answer, and we leave it to future work.

Figure 1
Fiscal and Monetary Policy Topic Frequency in Congressional Testimony, 1951–2023

This figure plots the annual share of testimony words devoted to fiscal policy (solid blue) and monetary policy (dashed green), measured as the fraction of total words in chunks classified as discussing each topic by a large language model. Vertical annotations mark local maxima in the fiscal policy series; event labels are derived from keyword analysis of the fiscal policy chunks in each spike year. Shaded regions indicate Federal Reserve chair tenures. The sample consists of 82,672 text chunks covering all speakers, 1951–2023.

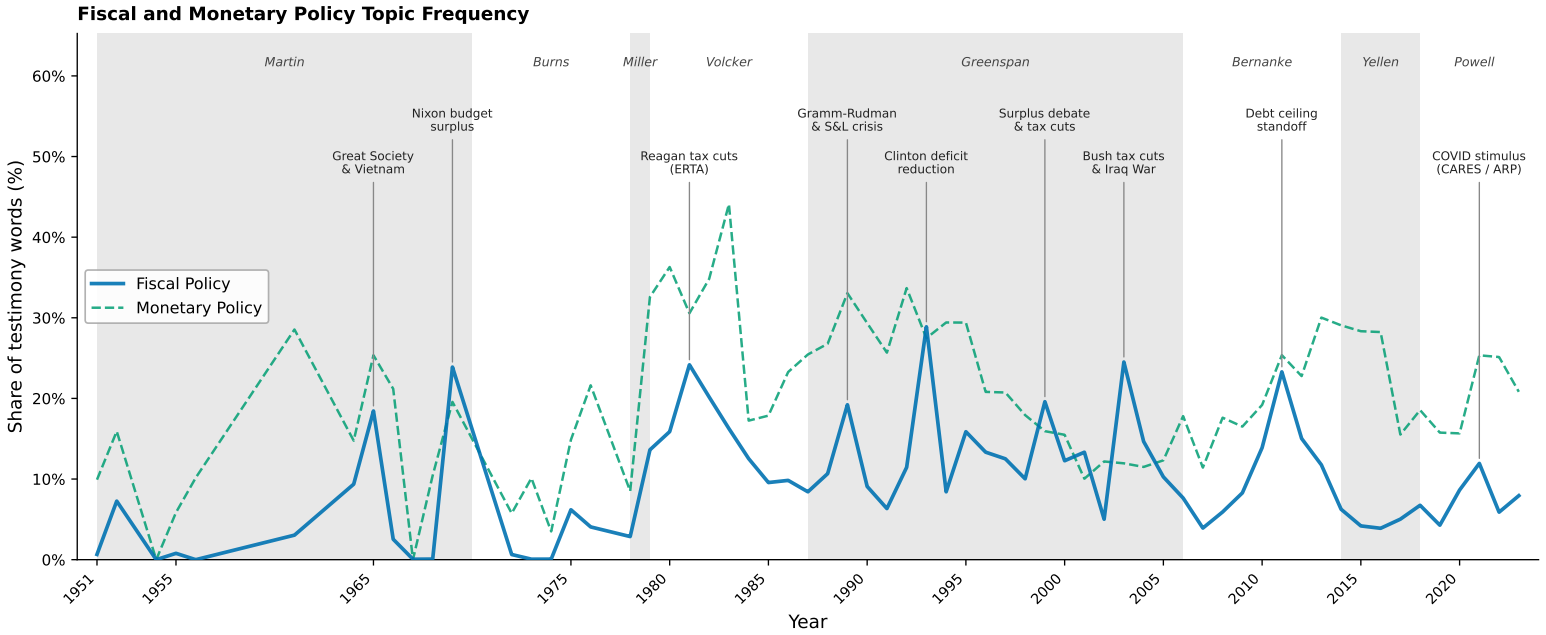


Figure 2
The Q4 Strictness Cascade Over Time

This figure plots the five-year trailing rolling share of Q1 = Yes exchanges in which the chair acknowledged a fiscal–monetary link at each level of strictness: Q4a (any hint; the connection was not denied), Q4b (strongly hinted), and Q4c (explicitly articulated the causal chain). Raw annual rates are shown as faint dots. Each line is identified by a unique combination of color, dash style, and marker shape. Shaded regions indicate Federal Reserve chair tenures. The sample consists of 675 Q1 = Yes exchanges, 1952–2023; years with fewer than three exchanges are excluded.

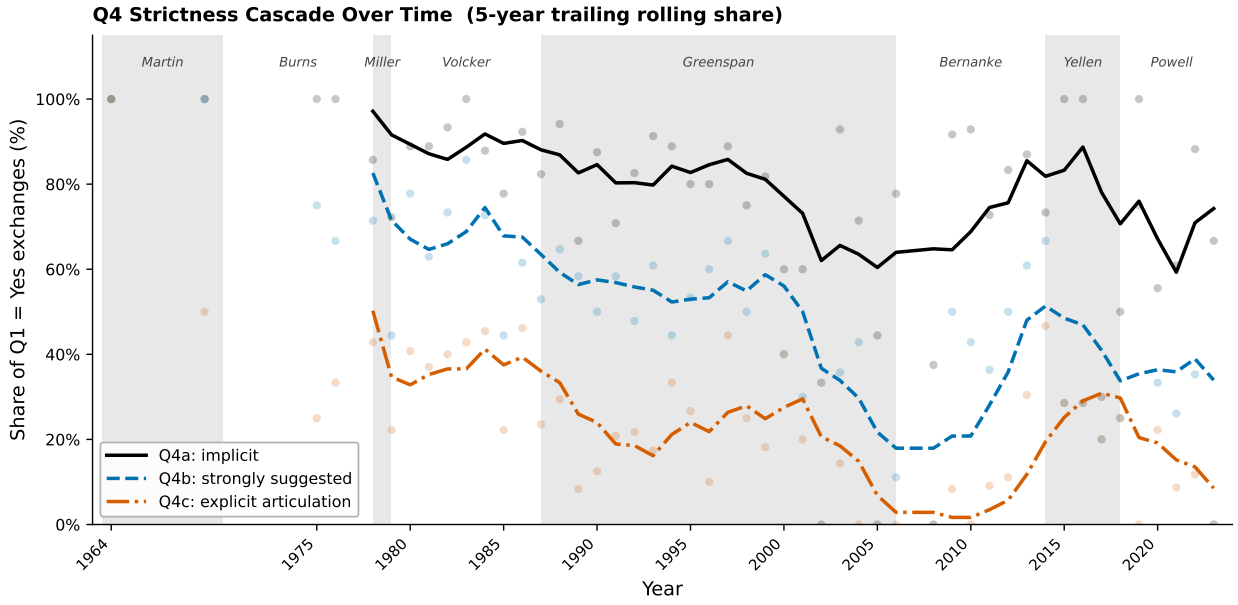


Figure 3
Direction of Monetary Policy Response to Fiscal Actions

This figure plots the five-year trailing rolling share of Q5-answered exchanges in each monetary-direction category, by year ($n = 427$). The categories are mutually exclusive and are assigned by a second-pass large language model classifier (Claude Haiku 4.5) applied to the LLM-generated Q5 free-text response. The unconditional average share is shown in parentheses in the legend, and raw annual rates are shown as faint dots. Shaded regions indicate Federal Reserve chair tenures.

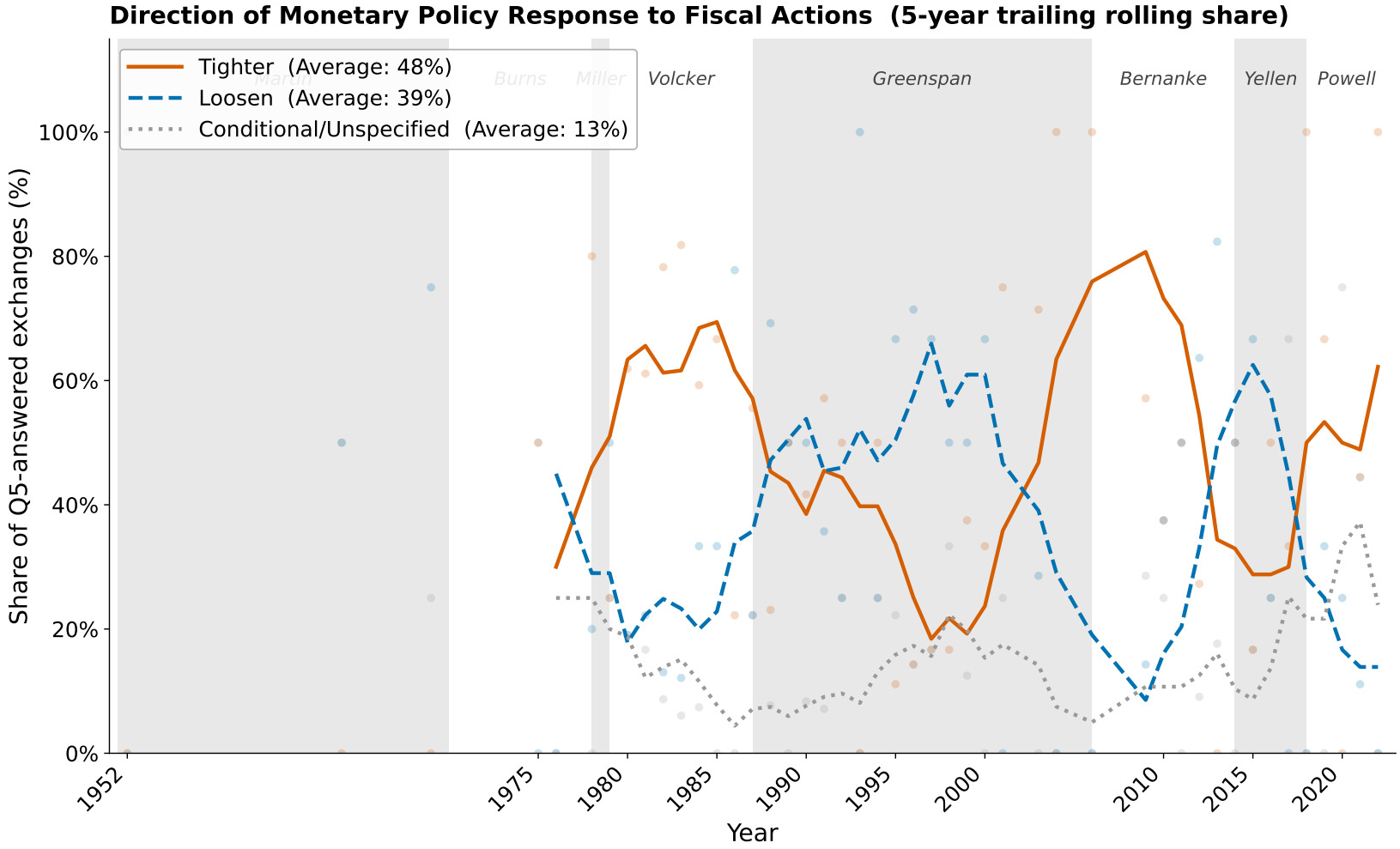


Figure 4
Temporal Status and Stance of Fiscal Policy Actions in Congressional Testimony, by Year

This figure plots the five-year trailing rolling share of Q1 = Yes exchanges, with raw annual rates shown as faint dots. Shaded regions indicate Federal Reserve chair tenures. Panel A shows the temporal status of the referenced fiscal policy action (Q2): already *Occurred*, *Proposed* (anticipated or under consideration), or *Mixed* (spanning both past and prospective elements); the sample consists of 673 Q1 = Yes exchanges with a Q2 response, 1952–2023. Panel B shows the fiscal policy stance (Q3): Expansionary, Contractionary, or Mixed; the sample consists of 675 Q1 = Yes exchanges, 1951–2023. Each line is identified by a unique combination of color and dash style.

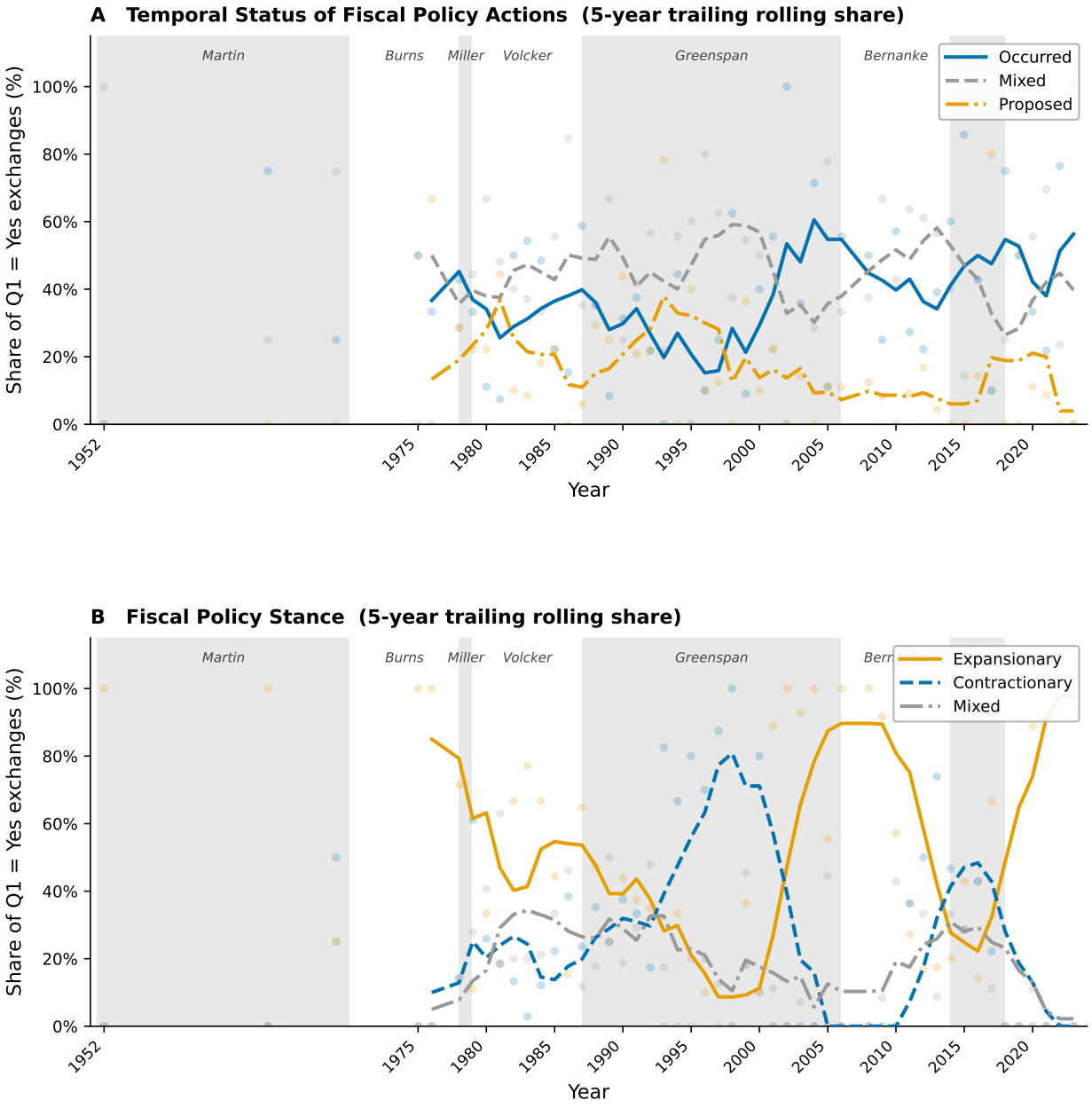


Figure 5
Transmission Mechanisms Linking Fiscal and Monetary Policy

This figure plots, for each transmission mechanism, the five-year trailing rolling share of Q6-answered exchanges assigned that mechanism, by year. The categories are multi-label (an exchange may be assigned more than one mechanism) and are assigned by a second-pass large language model classifier (Claude Haiku 4.5) applied to the LLM-generated Q6 free-text response. The dashed horizontal line marks the unconditional average share across the full sample, and raw annual rates are shown as faint dots. Shares need not sum to 100. Shaded regions indicate Federal Reserve chair tenures.

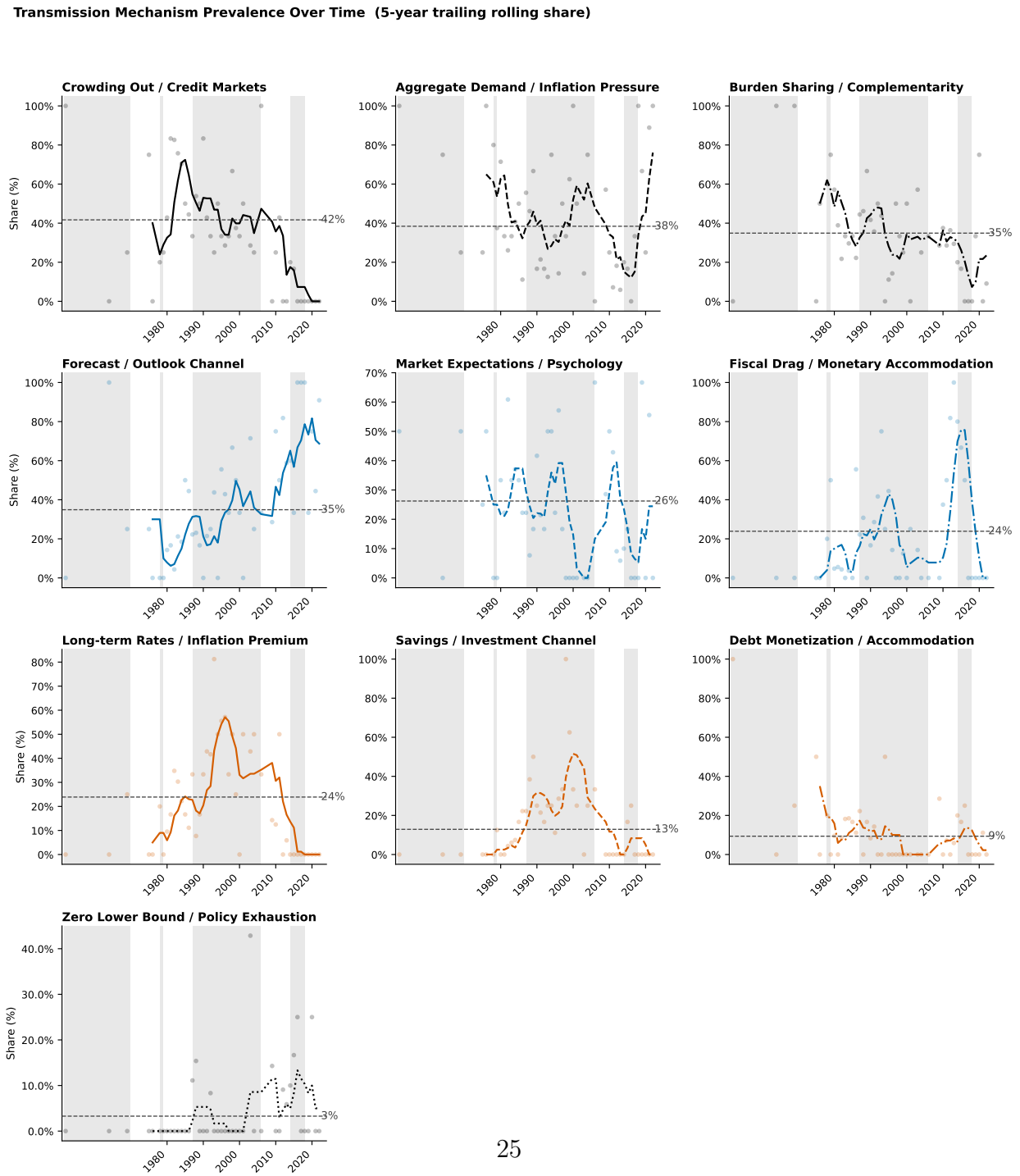
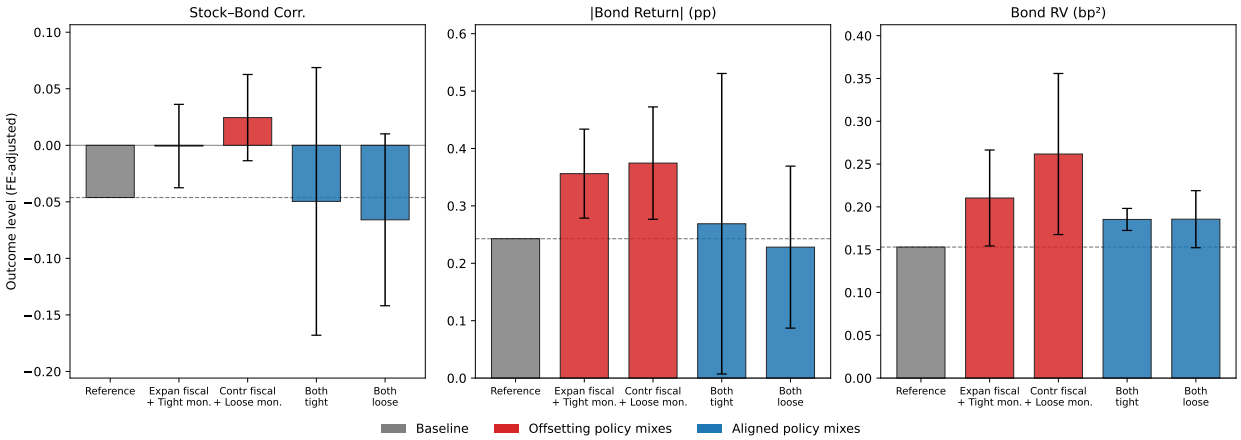


Figure 6
Fiscal–Monetary Policy Mix and Daily Bond Market Outcomes



This figure plots the fixed-effect–adjusted *level* of each daily bond-market outcome by fiscal–monetary policy mix: the mean outcome on reference (non-hearing) days plus the coefficient of the policy mix from a daily-panel OLS regression of the outcome on the four policy-mix indicators and year×month fixed effects (the same regression underlying Table 6). The gray *Reference* bar is the mean outcome over all days not classified into one of the four policy mixes (the omitted category); it is shown without a confidence interval because it is the comparison anchor—its level is precisely estimated and across-era variation in the level is absorbed by the fixed effects. The dashed line marks this baseline. Policy mixes are defined by the hearing's dominant fiscal stance (Q3) and monetary response (Q5): *offsetting* mixes pair opposing stances (Expansionary fiscal + Tight monetary, or Contractionary fiscal + Loose monetary), while *aligned* mixes move in the same direction (Both tight, Both loose). Whiskers are 95% confidence intervals on each policy-mix coefficient (the deviation from baseline), with standard errors clustered by calendar year; the gap between a colored bar and the dashed baseline equals the coefficient of that policy mix in Table 6. Stock–Bond Corr. is the daily realized correlation of S&P 500 and 10-year Treasury futures one-minute log returns; |Bond Return| is the absolute daily open-to-close log return, in percentage points; Bond RV is the sum of squared one-minute log returns within the day, scaled by 10,000 and expressed in basis points squared. $N = 10{,}925$ observations over 10,916 trading sessions (nine sessions host two same-day hearings and enter once per hearing). Levels are fixed-effect–adjusted (the policy-mix effect, purged of month composition, added to the average baseline), not raw averages on those days.

Table 1
Discrete Fiscal Policy Actions Referenced in Congressional Testimony

Rank	Policy / Action	n	Q4a	Q4c	Q4c%	Years
1	Balanced budget (amendment or general)	62	54	24	39%	1965, 1975, 1978–84, 1986–89, 1993–98, 2000–01, 2003, 2005, 2011, 2013
2	Reagan / supply-side tax cuts	50	40	16	32%	1979–84, 1987–88, 1991–93, 1999–2001, 2004–05, 2008–10, 2012
3	Defense spending (increases or cuts)	47	42	13	28%	1951–52, 1979–85, 1987, 1991–93, 1997, 1999–2000, 2004, 2011–12, 2015
4	Infrastructure spending	37	31	10	27%	1982, 1991–93, 2001, 2003, 2008, 2010–17, 2020–21
5	Social Security reform / cuts	34	19	6	18%	1969, 1978, 1982, 1984, 1992–93, 1996, 1998–2001, 2003–06, 2012, 2014, 2017, 2022
6	Debt ceiling standoffs	32	26	5	16%	1991, 1995, 2003, 2005–06, 2010–14, 2016, 2018–19, 2022
7	OBRA 1993 / Clinton budget package	31	26	8	26%	1993–97, 1999, 2003, 2005, 2011, 2013
8	Medicare / Medicaid reform or cuts	31	20	6	19%	1982, 1984, 1992–96, 1999, 2001, 2003, 2005–06, 2011–12, 2014, 2016–17
9	Gramm-Rudman(-Hollings)	23	20	10	43%	1986–90, 1992–93
10	Kemp-Roth	17	17	7	41%	1981–84, 1987, 1991, 2003
11	ARRA / Obama stimulus (2009)	17	13	0	0%	2009–12, 2018, 2020
12	COVID relief (general)	16	9	3	19%	2020–22
13	Bush tax cuts 2001/2003	14	9	1	7%	2001–06, 2011–12, 2018
14	Capital gains tax cut	14	10	1	7%	1987–88, 1991–93, 1999, 2005
15	ACA / Obamacare	12	11	4	33%	2010–11, 2013–16, 2018
16	Tariffs / trade policy (as fiscal action)	12	7	0	0%	1980, 1985–88, 2006, 2019–20
17	OBRA 1990 / Budget Enforcement Act	8	8	2	25%	1991–93
18	Sequester (2013)	8	5	2	25%	2012–13
19	Fiscal cliff (2012–13)	8	7	2	25%	2012–13
20	American Rescue Plan (2021)	8	4	1	12%	2021–22
21	Continuing resolution / shutdown	6	6	2	33%	1995–96, 2012–13, 2016, 2019
22	CARES Act (2020)	6	4	1	17%	2020–22
23	Tax Cuts and Jobs Act 2017 (TCJA)	5	2	0	0%	2018, 2022
24	"Downpayment" budget package (1984)	5	5	3	60%	1984
25	Jobs bill / American Jobs Act	5	4	1	20%	1983, 2011, 2018, 2021–22
26	Investment tax credit	4	4	2	50%	1969, 1979, 1986, 1992
27	Economic Stimulus Act 2008 (Bush rebates)	3	2	0	0%	2008–09
28	Tax Reform Act 1986	2	2	0	0%	1987, 1991
29	Payroll tax cut / holiday	2	2	0	0%	1990, 2010
30	Public works spending	1	1	0	0%	2011

This table ranks the named fiscal policy actions referenced in congressional testimony by the number of Q1 = Yes exchanges in which they appear. n is the number of Q1 = Yes exchanges referencing the action. Q4a is the number of exchanges in which monetary policy was linked to the fiscal action, even if only hinted. Q4c is the number of exchanges in which the chair explicitly articulated the fiscal–monetary causal chain, and Q4c% expresses Q4c as a share of n. Counts are based on keyword matching in the dialogue text and the LLM-generated reason fields, and categories are not mutually exclusive; rows naming a dated act exclude exchanges that predate the act, and a later exchange referencing an earlier act appears under the year of the exchange. See the text for details.

Table 2
Fiscal–Monetary Linkage Acknowledgement by Federal Reserve Chair

		Q4a (implicit)			Q4b (strongly suggested)			Q4c (explicit)		
Chair	n	Yes	No	%	Yes	No	%	Yes	No	%
W. McC. Martin	13	13	0	100%	10	3	77%	7	6	54%
A. Burns	13	12	1	92%	10	3	77%	5	8	38%
G.W. Miller	18	14	4	78%	11	7	61%	7	11	39%
P. Volcker	188	169	19	90%	132	56	70%	73	115	39%
A. Greenspan	229	181	48	79%	115	114	50%	45	184	20%
B. Bernanke	104	82	22	79%	40	64	38%	9	95	9%
J. Yellen	39	31	8	79%	19	20	49%	15	24	38%
J. Powell	71	48	23	68%	23	48	32%	10	61	14%
All	675	550	125	81%	360	315	53%	171	504	25%

This table reports the rates at which each Federal Reserve chair acknowledged a fiscal–monetary linkage, conditional on a fiscal action being discussed. The sample is restricted to Q1 = Yes exchanges ($n = 675$). Q4a indicates that monetary policy was linked to the fiscal action at least implicitly (the chair did not deny the connection), Q4b that the connection was strongly suggested, and Q4c that the chair explicitly articulated the fiscal–monetary causal chain. The chair is assigned by detecting the chair surname in the dialogue text, with a year-based mapping used as a fallback when no surname is detected. % is the share of the chair's exchanges answering Yes.

Table 3
Explicit Fiscal–Monetary Articulation (Q4c) by Temporal Status of Fiscal Action (Q2)

Temporal Status (Q2)	n	Q4c Yes	Q4c No	% Yes
Occurred	239	54	185	23%
Mixed	310	89	221	29%
Proposed	124	28	96	23%
Total	673	171	502	25%

This table reports the Q4c rates by the temporal status of the referenced fiscal action. The sample is restricted to Q1 = Yes exchanges with a Q2 response ($n = 673$; 2 N/A excluded). Q4c indicates that the chair explicitly articulated the fiscal–monetary causal chain, and % Yes expresses Q4c = Yes as a share of n.

Table 4
Explicit Fiscal–Monetary Articulation (Q4c) by Fiscal Stance (Q3)

Fiscal Stance (Q3)	n	Q4c Yes	Q4c No	% Yes
Expansionary	329	74	255	22%
Contractionary	190	58	132	31%
Mixed	153	39	114	25%
Total	672	171	501	25%

This table reports the Q4c rates by the stance of the referenced fiscal action. The sample is restricted to Q1 = Yes exchanges with a Q3 response ($n = 672$; 3 N/A excluded). Q4c indicates that the chair explicitly articulated the fiscal–monetary causal chain, and % Yes expresses Q4c = Yes as a share of n.

Table 5
Transmission Mechanism Categories

Mechanism	Description	Share
Crowding Out / Credit Markets	Government borrowing absorbs credit, raising market interest rates	42%
Aggregate Demand / Inflation Pressure	Fiscal stimulus overstimulates demand, requiring monetary tightening	38%
Burden Sharing / Complementarity	The two instruments must coordinate because neither can stabilize alone	35%
Forecast / Outlook Channel	Fiscal policy shifts the economic outlook that feeds into the policy decision	35%
Market Expectations / Psychology	Fiscal credibility shifts inflation expectations and the Fed's room to maneuver	26%
Fiscal Drag / Monetary Accommodation	Fiscal contraction forces the Fed to compensate	24%
Long-term Rates / Inflation Premium	Fiscal actions shift the term premium and the transmission environment	24%
Savings / Investment Channel	Fiscal deficits crowd out private saving or alter the equilibrium real rate	13%
Debt Monetization / Accommodation	The Fed is pressured to accommodate government debt issuance	9%
Zero Lower Bound / Policy Exhaustion	Conventional monetary policy is constrained or exhausted	3%

This table reports the ten transmission-mechanism categories into which the Q6 responses are classified, with the share of classified exchanges assigned to each. The classification is multi-label: a single exchange may invoke more than one mechanism, so the shares need not sum to 100%. The classification rules are in Appendix C.

Table 6
Fiscal–Monetary Policy Mix and Daily Bond Market Outcomes

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Stock–Bond Corr.			|Bond Ret.|			Bond RV		
Hearing day	0.0357***			0.0890***			0.0620***		
	[3.14]			[4.11]			[4.26]		
Policies offset		0.0553***			0.1205***			0.0772***	
		[4.07]			[3.89]			[2.95]	
Policies aligned		-0.0139			-0.0000			0.0324***	
		[-0.42]			[-0.00]			[2.93]	
Expan fiscal + Tight monetary			0.0455**			0.1134***			0.0573**
			[2.42]			[2.87]			[2.00]
Contr fiscal + Loose monetary			0.0707***			0.1318***			0.1087**
			[3.63]			[2.64]			[2.26]
Both tight			-0.0034			0.0261			0.0323***
			[-0.06]			[0.20]			[4.92]
Both loose			-0.0197			-0.0147			0.0326*
			[-0.51]			[-0.20]			[1.92]
Year×Month FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	10925	10925	10925	10925	10925	10925	10925	10925	10925
Adj. R^2	0.774	0.774	0.774	0.108	0.108	0.108	0.193	0.193	0.193

This table reports daily-panel regressions of bond-market outcomes on the fiscal–monetary policy mix expressed at congressional hearings. Each column is a separate OLS regression, and the unit of observation is the trading day. All coefficients are measured relative to non-hearing days, which include hearing days with a Mixed fiscal stance, a Conditional/Unspecified monetary direction, or no fiscal–monetary score. Within each outcome, the first column uses a single *Hearing day* indicator; the second column uses two indicators, where *Policies offset* equals one on hearing days where the fiscal and monetary stances push in opposite directions (Expansionary fiscal + Tighter monetary, or Contractionary fiscal + Looser monetary) and *Policies aligned* equals one when both push in the same direction; and the third column decomposes hearings into the four fiscal–monetary cells. Stock–Bond Corr. is the daily realized correlation of S&P 500 and 10-year Treasury futures one-minute log returns. |Bond Ret.| is the absolute daily open-to-close log return on 10-year Treasury futures, in percentage points. Bond RV is the sum of squared one-minute log returns within the day, scaled by 10,000 and expressed in basis points squared. All specifications include year×month fixed effects. t-statistics, clustered by calendar year, are in brackets. $^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$.

Table 7
Structural Break Tests: Partisan Polarization in Hearing Sentiment

	(1) Sentiment 1	(2) Sentiment 2	(3) Sentiment 3
Residualized R−D gap (presidential party effect removed)			
Rep. president β	+0.1609	+0.1041	+0.0973
R^2 from pres. party	0.283	0.272	0.264
Chow test at 2000			
F-statistic	4.657	5.636	4.498
p-value	0.0366**	0.0221**	0.0397**
Chow test at 2007			
F-statistic	14.633	17.261	13.932
p-value	0.0004***	0.0002***	0.0006***
Sup-Wald (QLR) test (15% trimming, unknown break date)			
sup-F	14.633	17.261	13.932
Estimated break year	2007	2007	2007
Bai–Perron (BIC-selected number of breaks, $k \leq 3$)			
Selected k	3	3	3
Break year(s)	1994, 2007, 2018	1992, 2007, 2018	1995, 2007, 2018
N (years)	45	45	45

This table reports tests for structural breaks in the annual R−D partisan sentiment gap, after removing the presidential party effect (the residuals from regressing the gap on a Republican president indicator). The Chow test evaluates a break at a pre-specified date. The sup-Wald (Quandt likelihood ratio) test searches over all interior dates, trimming 15% from each end, and reports the supremum F-statistic; the Andrews (1993) critical values for the $q = 1$ restriction are 7.04 (10%), 8.85 (5%), and 12.29 (1%). Bai–Perron segmentation estimates optimal break locations by minimizing the total sum of squared residuals via dynamic programming, with the number of breaks selected by BIC over $k \in \{0, 1, 2, 3\}$. All three sentiment measures identify 2007 as the dominant break, and BIC selects three breaks at approximately 1993, 2007, and 2018. $^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$.

Table 8
Partisan Polarization in Hearing Sentiment Over Time

Panel A: Annual R−D sentiment gap regressions (Sentiment 2)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Post-1994			Post-2007			Post-2018		
	HH	Nom.	Full	HH	Nom.	Full	HH	Nom.	Full
Constant	0.0201	0.0424	0.0507	0.0595***	-0.0017	0.0493	-0.0182	-0.0413	-0.0034
	[1.04]	[0.67]	[0.93]	[3.74]	[-0.03]	[1.40]	[-0.76]	[-0.98]	[-0.11]
Rep. president	0.0460*	0.0229	0.0118	0.0261	0.0644	0.0220	0.0873***	0.1066**	0.0654**
	[1.81]	[0.35]	[0.21]	[1.10]	[1.21]	[0.58]	[2.91]	[2.38]	[1.98]
Post dummy	-0.0539*	-0.1860***	-0.1019*	-0.1633***	-0.1585***	-0.1629***	-0.0553*		-0.0700**
	[-1.76]	[-2.79]	[-1.73]	[-8.24]	[-2.70]	[-4.27]	[-1.88]		[-2.03]
Rep. pres. × Post	0.0777*	0.1860**	0.1200*	0.1331***	0.1930**	0.1506***	0.1264***		0.1483***
	[1.72]	[2.46]	[1.81]	[2.83]	[2.05]	[2.77]	[3.59]		[3.92]
N	45	47	63	45	47	63	45	47	63
Adj. R^2	0.245	0.274	0.153	0.565	0.189	0.277	0.270	0.120	0.098

This table reports annual regressions of the partisan sentiment gap on the presidential party and post-break indicators. The unit of observation is the year, and the dependent variable is the Republican minus Democratic mean Sentiment 2 score in year t. Each column estimates a separate regression: $\text{gap}_t = \alpha + \beta_1 \,\text{RepPres}_t + \beta_2 \,\text{Post}_t + \beta_3 \,(\text{RepPres} \times \text{Post})_t + \varepsilon_t$. Columns are organized by break date (Post-1994, Post-2007, and Post-2018, approximately the Bai–Perron breaks in Table 7: the 2007 and 2018 breaks are common to all three sentiment measures, while the early-1990s break ranges from 1992 to 1995 across measures) and by hearing type (HH denotes the semiannual Humphrey–Hawkins hearings, Nom. denotes nomination hearings, and Full denotes both). The coefficient β_3 tests whether the partisan gap under a Republican president is larger after the indicated break date. The nomination-hearing sample contains no hearings after 2017, so in the Post-2018 nomination specification the Post indicator is identically zero and the Post and interaction terms are dropped. Standard errors are clustered by year, and t-statistics are in brackets. $^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$.

Table 9
Partisan Polarization by Passage Content Type

Sample	Post-1994	Post-2007	Post-2018	N
Panel A: Coefficient on Rep. speaker × Rep. president × Post				
DV = statement-level sentiment score; each cell is a separate OLS regression				
Fiscal ∩ Monetary	0.2104	0.5950***	0.4350**	546
	[1.15]	[2.86]	[2.22]	
Monetary only	0.1877	0.3704***	0.1781*	3,366
	[1.46]	[2.59]	[1.72]	
Fiscal only	0.0763	0.1633	0.4875*	2,248
	[0.62]	[0.94]	[1.81]	
Neither	0.0375	0.1040**	0.0803***	36,466
	[1.06]	[2.56]	[3.41]	
All statements	0.0555	0.1388***	0.1247***	42,626
	[1.33]	[2.85]	[4.18]	
Panel B: Difference test (Rep. × Rep. pres. × Post × FM)				
Each cell is a separate pooled OLS regression				
FM vs. all other	0.1541	0.4605***	0.3208*	42,626
	[0.95]	[2.60]	[1.73]	
FM vs. monetary-only	0.0226	0.2245	0.2569	3,912
	[0.13]	[1.25]	[1.15]	

This table reports statement-level polarization regressions by content type. The dependent variable is the statement-level Sentiment 2 score. Each cell in Panel A reports the coefficient on Republican × Rep. president × Post from a separate OLS regression of the form $\text{sentiment}_{it} = \alpha + \beta_1 \text{Rep}_i + \beta_2 \text{RepPres}_t + \beta_3 \text{Post}_t + \beta_4(\text{Rep} \times \text{RepPres}) + \beta_5(\text{Rep} \times \text{Post}) + \beta_6(\text{RepPres} \times \text{Post}) + \beta_7(\text{Rep} \times \text{RepPres} \times \text{Post}) + \varepsilon_{it}$, where Rep_i indicates a Republican speaker, RepPres_t indicates a Republican president in year t, and Post_t indicates that the year is at or after the indicated break date. Only β_7 is reported, and all lower-order terms are included. Rows restrict the sample to mutually exclusive content categories based on whether the statement references fiscal policy, monetary policy, both, or neither. Panel B pools the content types and adds a fiscal–monetary indicator (FM) interacted with all terms; the reported coefficient is the four-way interaction, which tests whether the post-break polarization increase is differentially larger in fiscal–monetary statements relative to the indicated baseline. Standard errors are clustered by year, and t-statistics are in brackets. $^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$.

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INTERNET APPENDIX

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A. Figures

Figure 7
Daily Change in Treasury Yields by Nomination

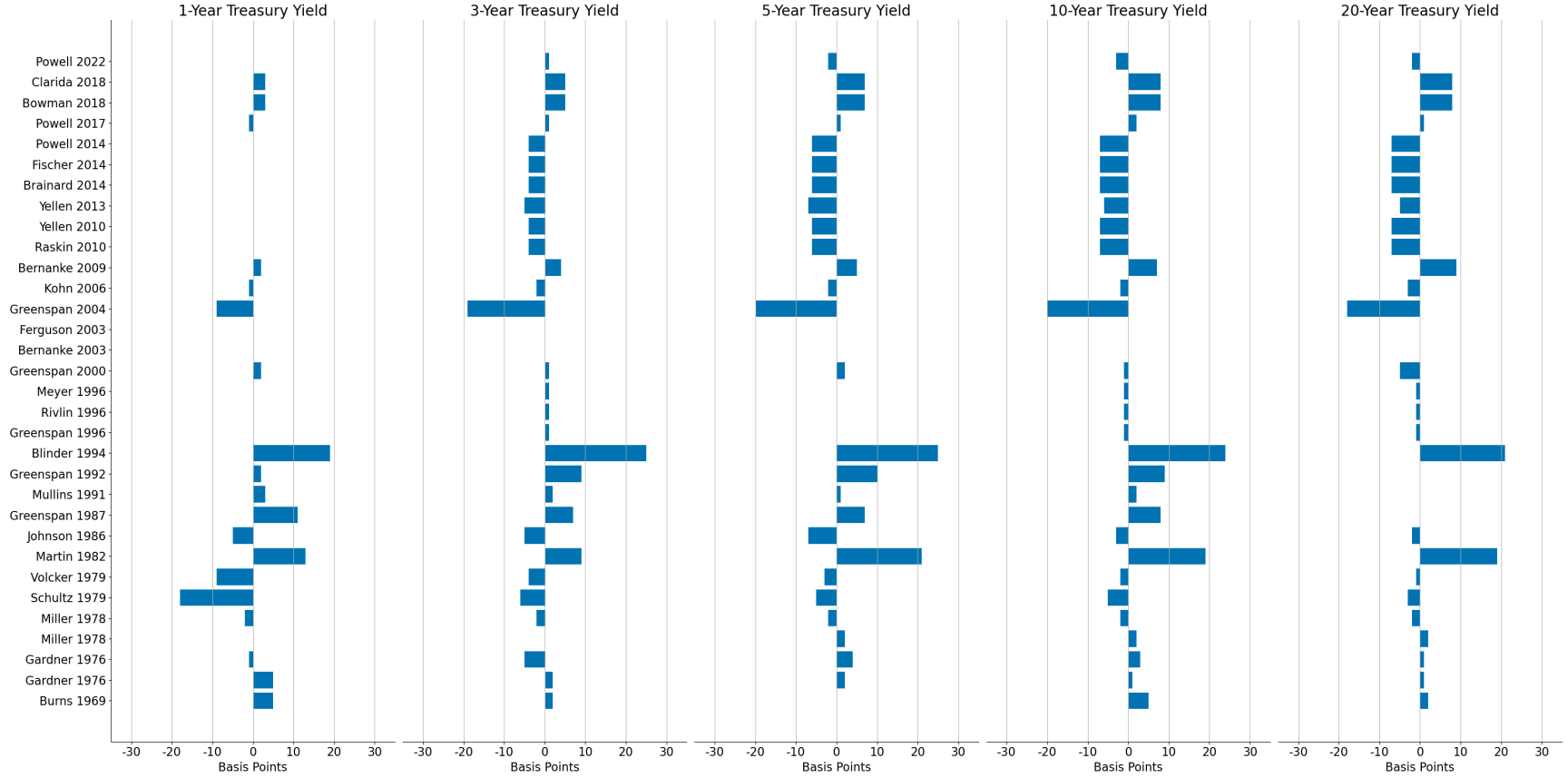
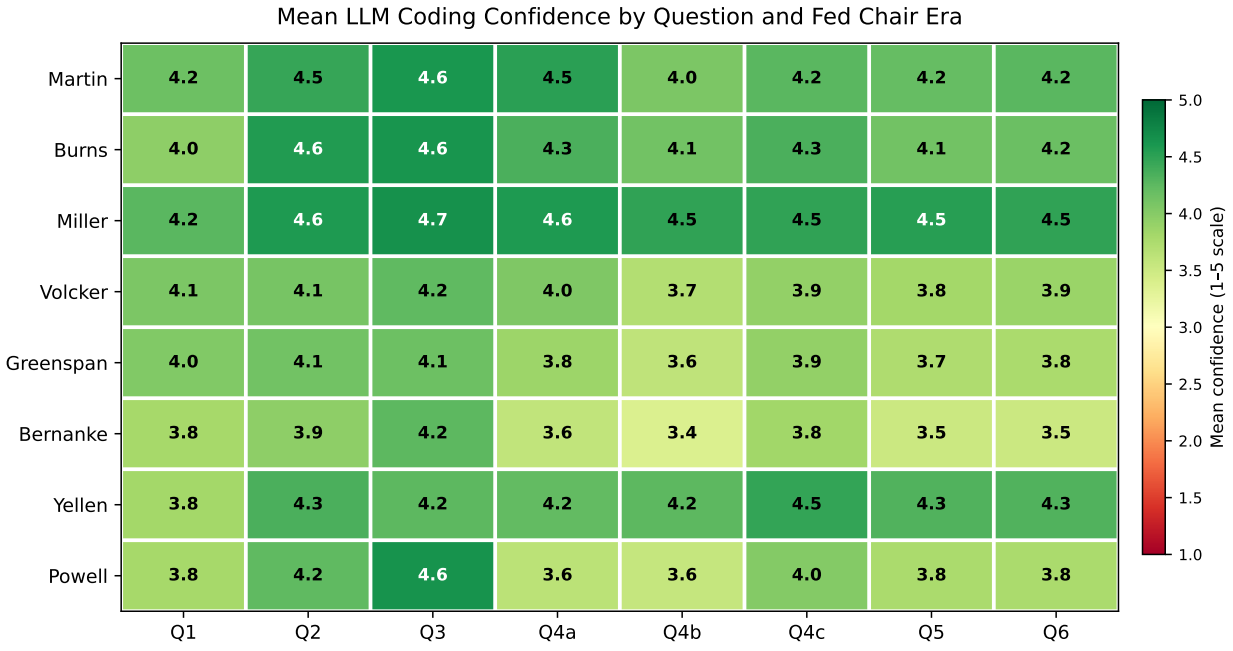


Figure 8
Mean LLM Coding Confidence by Question and Fed Chair Era

This figure presents a heatmap of mean LLM confidence scores (1–5 scale) for each coding question (Q1–Q6) by Federal Reserve chair era. Confidence of zero (question not applicable to the exchange) is excluded from the mean. Green cells indicate high confidence, and red cells indicate lower confidence. The systematically lower confidence on Q4b, Q4c, and Q5 reflects the greater interpretive difficulty of those questions relative to the more factual Q1–Q3.



B. LLM Coding Prompt

The six-question framework of Section 2.2 is applied via Claude Opus 4.6 (Anthropic) in a stateless, single-call protocol. Each API call includes a fixed system prompt (≈3,000 tokens) that specifies the analytical framework, decision rules, and output schema, together with a per-observation user message (≈300–800 tokens) containing the exchange year, source file, and dialogue text. Observations are processed without reference to one another, eliminating contamination across exchanges. The model returns a structured JSON object for each exchange, in which every question yields four fields: a categorical or free-text answer, an integer confidence score (0–5), a natural-language rationale, and a verbatim supporting quotation from the dialogue. The confidence scale runs from zero (question not applicable, or no textual basis) to five (conclusive textual evidence).

The table below reproduces the full system prompt sent to the model for each observation,

followed by the user-message template. The system prompt consists of a role instruction, the complete analytical framework (questions, decision rules, and edge-case guidance), and the required output-format specification.

Table 10
Full LLM System Prompt and User Message Template

Component	Text
Role instruction	You are an expert analyst of U.S. congressional hearings on fiscal and monetary policy. Your task is to analyze dialogue excerpts from Congressional hearings featuring Federal Reserve officials, applying the framework below with precision.
Framework title	**Congress–Fed Hearing Analysis Framework – The Task Description**
The six questions	**Q1.** Does this passage reference a fiscal policy action? (If No, stop after this question — mark questions 2–6 as N/A.) **Q2.** Has it already occurred, or is it being proposed? (Distinguish clearly between past/enacted and planned/proposed.) **Q3.** Is the fiscal policy action expansionary or contractionary? (Classify based on what the text itself shows about direction of effect on demand.) **Q4a/b/c.** Does the central banker say monetary policy will be affected by this fiscal action? (If No, stop here — mark Q5 and Q6 as N/A.) **Q5.** How will monetary policy be affected? (Explain the direction: tighter, looser, unchanged, constrained, etc.) **Q6.** Why will monetary policy be affected (or remain as is)? (Summarize the reasoning given or implied by the central banker.)
Quotation & evidence rules	For each question that is answered "Yes", include direct evidence from the passage. Each answer must include short, persuasive quotes showing the relevant reasoning. Use the full sentence when it is short and clean; otherwise include the most convincing portion and always identify the speaker. The earlier "first 3 / last 3 words" format is replaced by this cleaner approach.

Continued on next page

Table 10 (continued)

Component	Text
Master rules: Q1	Do **not** count hypotheticals as Yes. If the passage is purely "assume X" / "what if" with no commitment or action, answer "Hypothetical"; this works the same as "No" — do not proceed to questions 2–6. Background context is not enough. Vague, historical "we have followed a fiscal policy of…" without a specific action or current plan is not a Yes. Count concrete, current items: budget levels, spending cuts/increases, tax changes, credit-program changes that are stated as happening or formally planned. Private suggestions do not qualify: third-party proposals not adopted or discussed seriously by legislators or administration officials do not make Q1 Yes.
Master rules: Q2	*Occurred* = described as in effect, implemented, or a future projection of current policy (e.g., "deficits will remain $200 bn under current policies"). *Proposed* = presented by officials as an intended action not yet done, or already decided but not yet implemented. Be precise about who proposes. Choose the policy most central to the conversation; if none dominates, answer "Mixed."
Master rules: Q3	Judge by result, not intent. If a policy intended to stimulate ends up restraining (or vice versa), classify by the actual/expected outcome stated in the passage. Distinguish structural from cyclical effects: if reverse results come from the policy itself (structural), classify by those results; if from external cyclical factors, maintain the intended classification. If none dominates, answer "Mixed."
Master rules: Q4a/b/c	"Affected" means affected by the discussed fiscal policy or by its absence; both "forced to change" and "will be much constrained" qualify. Examine the logic chain: fiscal policy → economic parameter → monetary policy response. Both links must be present. **Q4a**: connections need only be hinted and not explicitly denied. **Q4b**: connections must be strongly hinted and not denied. **Q4c**: connections must be articulated by the central banker, or stated by someone else and agreed to by the central banker (silence is not agreement; engaging with the deeper conversation while accepting the premise counts).

Continued on next page

Table 10 (continued)

Component	Text
Master rules: Q5	Be directional and concrete (e.g., "Fed will maintain tight targets; market rates higher than otherwise," or "easing becomes possible if fiscal restraint occurs"). Anchor to the text's mechanisms: use their language (money-growth targets, interest-rate pressures, credit conditions).
Master rules: Q6	Explain the channel (e.g., "Large deficits raise borrowing needs → market pressure → higher rates under constant money growth"). Cite any complementary conditions only if the passage uses them to justify the monetary stance.
Edge cases (1): Hypotheticals	Even when "proposed policy" is mentioned, if it is in a general or theoretical context without specifics, answer "Hypothetical" for Q1. *Example:* "What if you thought the particular policy was a turkey?" — no specific fiscal policy is referenced; answer Hypothetical.
Edge cases (2): Future projections as Occurred	Projections of existing-policy trajectories are classified as Occurred, not Proposed. *Example:* "Deficits will remain at $200 billion given current policy stance" — this is a projection of existing policy, so Occurred.
Edge cases (3): Structural vs. cyclical deficits	Focus on the structural component. If the passage distinguishes a persistent $100 bn structural deficit from a larger cyclical deficit, analyse only the structural part. "Even with full employment" signals a structural fiscal policy.
Edge cases (4): Legislator suggestions	Individual legislator ideas do not constitute formal fiscal proposals unless taken up officially. *Example:* A senator suggesting the Fed peg rates at inflation + 3% is not a fiscal policy proposal.
Edge cases (5): Enacted law with continuing effects	Past legislative actions with continuing effects are classified as Occurred. *Example:* "Kemp-Roth is a fait accompli. It's law now" — enacted and creating current deficits, so Occurred.
Edge cases (6): Process discussion	Institutional coordination talk without specific fiscal content does not satisfy Q1. *Example:* "How can we work together?" / "What's the answer?" — process discussion, not a fiscal policy reference.

Continued on next page

Table 10 (continued)

Component	Text

Output format	Respond **only** with a single valid JSON object — no prose before or after it. Schema:
	
	`{"Q1":{"answer":"Yes"|"No"|"Hypothetical","confidence_score":0-5,`
	`"reason":"...","quote":"..."},`
	`"Q2":{"answer":"Occurred"|"Proposed"|"Mixed"|"N/A",...},`
	`"Q3":{"answer":"Expansionary"|"Contractionary"|"Mixed"|"N/A",...},`
	`"Q4a":{"answer":"Yes"|"No"|"N/A",...},`
	`"Q4b":{"answer":"Yes"|"No"|"N/A",...},`
	`"Q4c":{"answer":"Yes"|"No"|"N/A",...},`
	`"Q5":{"answer":"<free text>|N/A",...},`
	`"Q6":{"answer":"<free text>|N/A",...}}`
	
	Rules: if Q1 = No or Hypothetical, set Q2–Q6 to "N/A". If Q4a/b/c = No/N/A, set Q5 and Q6 to "N/A". `confidence_score`: 0 = no basis, 5 = conclusive textual evidence. `quote`: short direct excerpt supporting the answer; include speaker name. Use `""` if N/A.

User message (per observation)	`Year: {year}`
	`Source: {filename}`
	
	`DIALOGUE:`
	`{dialog text}`
	
	`Apply the framework and return the JSON analysis.`

C. Classification Rules for Q5 and Q6

The LLM returns free-text answers for Q5 (monetary direction) and Q6 (transmission mechanism). These free-text responses are mapped to categorical labels by a second-pass LLM classification step, using `claude-haiku-4-5` with a structured prompt and JSON output. The algorithm is:

1. For Q5, send the free-text answer (and any additional reasoning context) to the classifier with instructions to assign exactly one of three mutually exclusive directional labels

(Table 11). The classifier also returns a confidence score (1–5) and a one-sentence rationale.

2. For Q6, send the free-text answer to the classifier with instructions to assign **all** applicable mechanism labels from a fixed list of ten (Table 12). Q6 is thus multi-label; an exchange may receive zero or more labels.

Tables 11 and 12 reproduce the category definitions supplied to the classifier in the system prompt.

Table 11
Q5 Monetary Direction: LLM Category Definitions

Category	Definition supplied to classifier
Tighter	The fiscal action causes monetary policy to be tighter than it otherwise would be: higher rates, less accommodation, or a more restrictive stance.
Loosen	The fiscal action causes monetary policy to ease or be more accommodative than it otherwise would be: lower rates, more stimulus, or a less restrictive stance.
Conditional / Unspecified	The chair declines to commit to a direction, says the response depends on future conditions, or the passage is genuinely ambiguous about the sign of the monetary policy response.

Table 12
Q6 Transmission Mechanism: LLM Category Definitions (Multi-label)

Category	Definition supplied to classifier
Crowding Out / Credit Markets	Government borrowing absorbs credit or savings, raising market interest rates and tightening financial conditions.
Aggregate Demand / Inflation Pressure	Fiscal expansion raises aggregate demand, creating inflationary pressure that the Fed must resist.
Fiscal Drag / Monetary Accommodation	Fiscal contraction or inaction slows the economy, obliging the Fed to ease or maintain accommodation.
Long-term Rates / Inflation Premium	Fiscal actions shift long-term rates or the inflation risk premium embedded in yields, affecting the monetary transmission environment.

Continued on next page

Table 12 (continued)

Category	Definition supplied to classifier
Burden Sharing / Complementarity	Fiscal and monetary policy are framed as complements; the chair notes that one instrument cannot bear the full stabilisation burden alone.
Savings / Investment Channel	Fiscal policy alters national saving, affecting the equilibrium real interest rate or the composition of output between consumption and investment.
Market Expectations / Psychology	Fiscal credibility (or its absence) shifts market expectations, confidence, or the Fed's own inflation credibility.
Debt Monetization / Accommodation	The Fed is pressured or forced to accommodate government debt issuance, expanding the money supply.
Zero Lower Bound / Policy Exhaustion	Monetary policy is constrained by the zero lower bound or has exhausted conventional tools, altering how fiscal policy interacts with the monetary stance.
Forecast / Outlook Channel	Fiscal policy affects the economic outlook or projections in ways that feed into monetary policy decisions, without a specific market or demand channel being identified.

D. Data Construction

For the topic-frequency series in Figure 1, statements longer than 200 words are split into contiguous 200-word chunks, yielding 82,672 chunks; the plotted series is each topic's share of total words, i.e., chunk-level topic indicators weighted by chunk word count.

Table 13
Nominations

	Title	Date	*Renom Chair*	*Nom Chair*	*Renom Chair Outside*	*Nom Vicechair*	*Renom Vchair Outside*	*Renom Member*	*Nom Member*	*Member Outside*	*Renom Climb Up*	*Multiple*	*Nonboard Nominee*	*Failed Nominee*	*Leaving Fed*
1	William McChesney Martin, Jr.	March 19, 1951		Y											
2	Abbot L. Mills, Jr., and James L. Robertson	February 01, 1952							Y			Y			
3	Paul E. Miller	August 02, 1954							Y						
4	Ira A. Dixon To Be Member of the Home Loan Bank Board; C. Canby Balderston To Be Member of the Board of Governors of the Federal Reserve System; FHA Investigation	August 05, 1954							Y				Y		
5	Charles Noah Shepardson	February 25, 1955							Y						
6	Charles N. Shepardson to Federal Reserve Board, S. Res. 57, and Miscellaneous Committee Business	February 28, 1955							Y						
7	William McChesney Martin, Jr.	January 20, 1956	Y												
8	George Wilder Mitchell	August 15, 1961							Y						
9	Money Resolution and George A. Mitchell to Federal Reserve Board	January 18, 1962						Y							
10	Owens and Robertson	March 11, 1964						Y					Y		
11	Sherman J. Maisel	April 15, 1965							Y						
12	Dr. Andrew F. Brimmer and William W. Sherrill	March 03, 1966							Y				Y		
13	William W. Sherrill	April 25, 1967							Y						
14	William W. Sherrill	January 22, 1968						Y							
15	Arthur F. Burns	December 18, 1969		Y											
16	Nominations: John E. Sheehan, C. Jackson Grayson, Jr., and George H. Boldt	January 27, 1972							Y				Y		
17	Jeffrey M. Bucher	May 12, 1972							Y						
18	Jeffrey M. Bucher To Be Member, Federal Reserve Board	May 16, 1972							Y						

19	Nominations James E. Smith, Thomas R. Bomar, Grady Perry, Jr., Gloria E. A. Toote, Robert C. Holland, and John R. Evans	May 31, 1973						Y			Y	
20	Henry C. Wallich, Irving M. Pollack and Jerome W. Van Gorkom	February 07, 1974						Y			Y	
21	Philip E. Coldwell	October 08, 1974							Y			
22	Philip C. Jackson, Jr	June 09, 1975						Y				
23	J. Charles Partee and Stephen McKenzie Dubrul, Jr	December 18, 1975						Y			Y	
24	Stephen S. Gardner	January 26, 1976				Y						
25	Stephen Gardner To Be a Governor of the Federal Reserve Board and Mitchell P. Kobelinski To Be Administrator of the Small Business Administration	January 28, 1976				Y					Y	
26	Nomination: David M. Lilly	May 17, 1976						Y				
27	G. William Miller	January 24, 1978		Y								
28	Continuation of the G. William Miller	February 27, 1978		Y								
29	Nomination: Nancy H. Teeters	September 11, 1978						Y				
30	Emmett J. Rice	June 05, 1979						Y				
31	Frederick H. Schultz	June 25, 1979				Y						
32	G. William Miller	July 27, 1979										Y
33	Paul A. Volcker	July 30, 1979			Y							
34	Nominations Discussion of Paul A. Volcker To Be Chairman, Board of Governors, Federal Reserve System, and Thirteen Others	August 01, 1979		Y							Y	
35	Lyle E. Gramley	April 15, 1980						Y				
36	Hearing on Lyle Elden Gramley To Be Governor, Federal Reserve Board	April 30, 1980						Y				
37	Continuation of Hearing on Markup Lyle Elden Gramley To Be Governor, Federal Reserve Board	May 01, 1980						Y				
38	Preston Martin	March 24, 1982				Y						
39	Renomination of Paul A. Volcker	July 14, 1983	Y									
40	Martha Romayne Seger	June 19, 1984						Y				
41	Martha Romayne Seger	March 27, 1985						Y				
42	Wayne D. Angell and Manuel Homan Johnson, Jr	January 23, 1986						Y		Y		
43	Manuel H. Johnson, Jr. and William F. Ryan	June 12, 1986					Y				Y	
44	H. Robert Heller and Michael L. Mussa	August 05, 1986						Y			Y	

45	Edward W. Kelley, Jr. and Carl D. Covitz	May 05, 1987						Y				Y		
46	Alan Greenspan	July 21, 1987		Y										
47	John P. LaWare	July 07, 1988						Y						
48	David W. Mullins, Jr., Edward W. Kelley, Jr., and Robert H. Swan	March 23, 1990					Y	Y				Y		
49	Raoul Lord Carroll and Lawrence B. Lindsey	April 22, 1991						Y				Y		
50	David Mullins, Jr., and Constance Harriman	June 18, 1991								Y		Y		
51	Alan Greenspan	January 29, 1992		Y										
52	Alan S. Blinder, Steven M.H. Wallman, and Philip N. Diehl	May 06, 1994				Y						Y		
53	Janet Louise Yellen and Julie D. Belaga	July 22, 1994						Y				Y		
54	Alan Greenspan, Alice M. Rivlin and Laurence H. Meyer	March 26, 1996	Y					Y			Y			
55	Janet Louise Yellen	February 05, 1997												Y
56	Laura S. Unger, Paul R. Carey, Dennis Dollar, Edward M. Gramlich, Roger W. Ferguson, Jr., and Ellen Seidman	September 30, 1997						Y			Y	Y		
57	Alan Greenspan	January 26, 2000	Y											
58	Roger W. Ferguson, Jr., Angela M. Antonelli, Ronald A. Rosenfeld, Jennifer L. Dorn, and Donald E. Powell	June 13, 2001					Y					Y		
59	Mark W. Olson, Susan Schmidt Bies, James E. Gilleran, Allan I. Mendelowitz, Franz S. Leichter, John T. Korsmo, Eduardo Aguirre, Jr. and Randall S. Kroszner	October 17, 2001						Y			Y	Y		
60	Harvey J. Goldschmid, Paul S. Atkins, Donald L. Kohn, Ben S. Bernanke, and Philip Merrill	July 18, 2002						Y			Y	Y		
61	Roger W. Ferguson, Jr., Ben S. Bernanke, Paul S. Atkins, April H. Foley, and Joseph Max Cleland	October 14, 2003					Y			Y	Y	Y		
62	Alan Greenspan	June 15, 2004	Y											
63	Ben S. Bernanke and Brian D. Montgomery	May 02, 2005												Y
64	Ben S. Bernanke	November 15, 2005			Y									
65	Edward P. Lazear, Randall S. Kroszner, and Kevin M. Warsh	February 14, 2006						Y			Y	Y		
66	Sheila Bair, James B. Lockhart, III, Donald L. Kohn, and Kathleen L. Casey	June 08, 2006								Y		Y		

67	Frederic S. Mishkin, Linda Mysliwy Conlin, J. Joseph Grandmaison, Edmund C. Moy, and Geoffrey S. Bacino	July 12, 2006							Y				Y			
68	Randall S. Kroszner, Elizabeth A. Duke, and Larry A. Klane	August 02, 2007						Y	Y				Y		Y	
69	Mary Schapiro, Christina D. Romer, Austan D. Goolsbee, Cecilia E. Rouse, and Daniel K. Tarullo	January 15, 2009							Y				Y			
70	Ben S. Bernanke	December 03, 2009	Y													
71	Janet L. Yellen, Peter A. Diamond, Sarah Bloom Raskin, Osvaldo Luis Gratacos Munet, and Steve A. Linick	July 15, 2010					Y		Y				Y	Y	Y	
72	Jerome H. Powell, Jeremy C. Stein, Jeremiah O. Norton, Richard B. Berner, and Christy Romero	March 20, 2012							Y				Y	Y		
73	Janet L. Yellen	November 14, 2013									Y					
74	Sarah Bloom Raskin and Rhonda Schmidtlein	November 20, 2013												Y		Y
75	Stanley Fischer, Jerome H. Powell, Lael Brainard, Gustavo Velasquez Aguilar, and J. Mark McWatters	March 13, 2014				Y		Y	Y				Y	Y		
76	Joseph Otting and Randal Quarles	July 27, 2017							Y					Y		
Total			6	7	2	6	2	8	43	1	4	12	31	2	4	

Table 14
Semi-Annual Monetary Policy Event Days

	Title	Speaker	Date	Committee
1	Federal Reserve's First Monetary Policy Report for 1979	G. William Miller	February 20, 1979	Committee on Banking, Housing, and Urban Affairs. Senate
2	Federal Reserve Second Monetary Policy Report for 1979	Henry C. Wallich	July 23, 1979	Committee on Banking, Housing, and Urban Affairs. Senate
3	Federal Reserve's First Monetary Policy Report for 1980	Paul A. Volcker	February 25, 1980	Committee on Banking, Housing, and Urban Affairs. Senate
4	Federal Reserve's Second Monetary Policy Report for 1980	Paul A. Volcker	July 21, 1980	Committee on Banking, Housing, and Urban Affairs. Senate
5	Federal Reserve's First Monetary Policy Report for 1981	Paul A. Volcker	February 25, 1981	Committee on Banking, Housing, and Urban Affairs. Senate
6	Federal Reserve's Second Monetary Policy Report for 1981	Paul A. Volcker	July 22, 1981	Committee on Banking, Housing, and Urban Affairs. Senate
7	Federal Reserve's First Monetary Policy Report for 1982	Paul A. Volcker	February 11, 1982	Committee on Banking, Housing, and Urban Affairs. Senate
8	Federal Reserve's Second Monetary Policy Report for 1982	Paul A. Volcker	July 20, 1982	Committee on Banking, Housing, and Urban Affairs. Senate
9	Federal Reserve's First Monetary Policy Report for 1983	Paul A. Volcker	February 16, 1983	Committee on Banking, Housing, and Urban Affairs. Senate
10	Federal Reserve's Second Monetary Policy Report for 1983	Paul A. Volcker	July 21, 1983	Committee on Banking, Housing, and Urban Affairs. Senate
11	Federal Reserve's First Monetary Policy Report for 1984	Paul A. Volcker	February 08, 1984	Committee on Banking, Housing, and Urban Affairs. Senate
12	Federal Reserve's Second Monetary Policy Report for 1984	Paul A. Volcker	July 25, 1984	Committee on Banking, Housing, and Urban Affairs. Senate
13	Federal Reserve's First Monetary Policy Report for 1985	Paul A. Volcker	February 20, 1985	Committee on Banking, Housing, and Urban Affairs. Senate
14	Federal Reserve's Second Monetary Policy Report for 1985	Paul A. Volcker	July 18, 1985	Committee on Banking, Housing, and Urban Affairs. Senate
15	Federal Reserve's First Monetary Policy Report for 1986	Paul A. Volcker	February 20, 1986	Committee on Banking, Housing, and Urban Affairs. Senate
16	Federal Reserve's Second Monetary Policy Report for 1986	Paul A. Volcker	July 23, 1986	Committee on Banking, Housing, and Urban Affairs. Senate
17	Federal Reserve's First Monetary Policy Report for 1987	Paul A. Volcker	February 18, 1987	Committee on Banking, Housing, and Urban Affairs. Senate
18	Conduct of Monetary Policy (Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523)	Paul A. Volcker	July 21, 1987	Subcommittee on Domestic Monetary Policy. Committee on Banking, Finance, and Urban Affairs. House
19	Federal Reserve's Second Monetary Policy Report for 1987	Paul A. Volcker	July 23, 1987	Committee on Banking, Housing, and Urban Affairs. Senate
20	Semi-Annual Report to Congress on Monetary Policy	Alan Greenspan	February 23, 1988	Committee on Banking, Finance, and Urban Affairs. House
21	Federal Reserve's First Monetary Policy Report for 1988	Alan Greenspan	February 24, 1988	Committee on Banking, Housing, and Urban Affairs. Senate
22	Federal Reserve's Second Monetary Policy Report for 1988	Alan Greenspan	July 12, 1988	Committee on Banking, Housing, and Urban Affairs. Senate
23	Conduct of Monetary Policy (Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523)	Alan Greenspan	February 21, 1989	Subcommittee on Domestic Monetary Policy. Committee on Banking, Finance, and Urban Affairs. House
24	Federal Reserve's First Monetary Policy Report for 1989	Alan Greenspan	February 21, 1989	Committee on Banking, Housing, and Urban Affairs. Senate
25	Federal Reserve's Second Monetary Policy Report for 1989	Alan Greenspan	August 01, 1989	Committee on Banking, Housing, and Urban Affairs. Senate
26	Conduct of Monetary Policy (Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523.)	Alan Greenspan	February 20, 1990	Subcommittee on Domestic Monetary Policy. Committee on Banking, Finance, and Urban Affairs. House
27	Federal Reserve's First Monetary Policy Report for 1990	Alan Greenspan	February 22, 1990	Committee on Banking, Housing, and Urban Affairs. Senate

28	Federal Reserve's Second Monetary Policy Report for 1990	Alan Greenspan	July 18, 1990	Committee on Banking, Housing, and Urban Affairs. Senate
29	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523	Alan Greenspan	July 24, 1990	Subcommittee on Domestic Monetary Policy. Committee on Banking, Finance, and Urban Affairs. House
30	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	February 05, 1991	Subcommittee on Domestic Monetary Policy. Committee on Banking, Finance, and Urban Affairs. House
31	Federal Reserve's First Monetary Policy Report for 1991	Alan Greenspan	February 20, 1991	Committee on Banking, Housing, and Urban Affairs. Senate
32	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	July 16, 1991	Subcommittee on Domestic Monetary Policy. Committee on Banking, Finance, and Urban Affairs. House
33	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	February 18, 1992	Subcommittee on Domestic Monetary Policy. Committee on Banking, Finance, and Urban Affairs. House
34	Federal Reserve's First Monetary Policy Report for 1992	Alan Greenspan	February 25, 1992	Committee on Banking, Housing, and Urban Affairs. Senate
35	Federal Reserve's Second Monetary Policy Report for 1992	Lawrence B. Lindsey	July 21, 1992	Committee on Banking, Housing, and Urban Affairs. Senate
36	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	July 22, 1992	Subcommittee on Domestic Monetary Policy. Committee on Banking, Finance, and Urban Affairs. House
37	Federal Reserve's First Monetary Policy Report for 1993	Alan Greenspan	February 19, 1993	Committee on Banking, Housing, and Urban Affairs. Senate
38	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	February 23, 1993	Subcommittee on Economic Growth and Credit Formation. Committee on Banking, Finance, and Urban Affairs. House
39	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	July 20, 1993	Subcommittee on Economic Growth and Credit Formation. Committee on Banking, Finance, and Urban Affairs. House
40	Federal Reserve's Second Monetary Policy Report for 1993	Alan Greenspan	July 22, 1993	Committee on Banking, Housing, and Urban Affairs. Senate
41	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	February 22, 1994	Subcommittee on Economic Growth and Credit Formation. Committee on Banking, Finance, and Urban Affairs. House
42	Federal Reserve's Semiannual Report on Monetary Policy, 1994	Alan Greenspan	July 20, 1994	Committee on Banking, Housing, and Urban Affairs. Senate
43	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	July 22, 1994	Subcommittee on Economic Growth and Credit Formation. Committee on Banking, Finance, and Urban Affairs. House
44	Federal Reserve's First Monetary Policy Report for 1995	Alan Greenspan	February 22, 1995	Committee on Banking, Housing, and Urban Affairs. Senate
45	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	February 23, 1995	Subcommittee on Domestic and International Monetary Policy. Committee on Banking and Financial Services. House

46	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	July 19, 1995	Subcommittee on Domestic and International Monetary Policy. Committee on Banking and Financial Services. House
47	Federal Reserve's Second Monetary Policy Report for 1995	Alan Greenspan	September 22, 1995	Committee on Banking, Housing, and Urban Affairs. Senate
48	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	February 20, 1996	Subcommittee on Domestic and International Monetary Policy. Committee on Banking and Financial Services. House
49	Federal Reserve's First Monetary Policy Report for 1996	Alan Greenspan	February 21, 1996	Committee on Banking, Housing, and Urban Affairs. Senate
50	Federal Reserve's Second Monetary Policy Report for 1996	Alan Greenspan	July 18, 1996	Committee on Banking, Housing, and Urban Affairs. Senate
51	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	July 23, 1996	Subcommittee on Domestic and International Monetary Policy. Committee on Banking and Financial Services. House
52	Federal Reserve's First Monetary Policy Report for 1997	Alan Greenspan	February 26, 1997	Committee on Banking, Housing, and Urban Affairs. Senate
53	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	March 05, 1997	Subcommittee on Domestic and International Monetary Policy. Committee on Banking and Financial Services. House
54	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	July 22, 1997	Subcommittee on Domestic and International Monetary Policy. Committee on Banking and Financial Services. House
55	Federal Reserve's Second Monetary Policy Report for 1997	Alan Greenspan	July 23, 1997	Committee on Banking, Housing, and Urban Affairs. Senate
56	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	February 24, 1998	Subcommittee on Domestic and International Monetary Policy. Committee on Banking and Financial Services. House
57	Federal Reserve's First Monetary Policy Report for 1998	Alan Greenspan	February 25, 1998	Committee on Banking, Housing, and Urban Affairs. Senate
58	Federal Reserve's Second Monetary Policy Report for 1998	Alan Greenspan	July 21, 1998	Committee on Banking, Housing, and Urban Affairs. Senate
59	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	July 22, 1998	Subcommittee on Domestic and International Monetary Policy. Committee on Banking and Financial Services. House
60	Federal Reserve's First Monetary Policy Report for 1999	Alan Greenspan	February 23, 1999	Committee on Banking, Housing, and Urban Affairs. Senate
61	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	February 24, 1999	Committee on Banking and Financial Services. House
62	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	July 22, 1999	Committee on Banking and Financial Services. House
63	Federal Reserve's Second Monetary Policy Report for 1999	Alan Greenspan	July 28, 1999	Committee on Banking, Housing, and Urban Affairs. Senate
64	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	February 17, 2000	Committee on Banking and Financial Services. House

65	Federal Reserve's First Monetary Policy Report for 2000	Alan Greenspan	February 23, 2000	Committee on Banking, Housing, and Urban Affairs. Senate
66	Federal Reserve's Second Monetary Policy Report for 2000	Alan Greenspan	July 20, 2000	Committee on Banking, Housing, and Urban Affairs. Senate
67	Conduct of Monetary Policy, Report of the Federal Reserve Board Pursuant to the Full Employment and Balanced Growth Act of 1978, P.L. 95-523 and the State of the Economy	Alan Greenspan	July 25, 2000	Committee on Banking and Financial Services. House
68	Federal Reserve's First Monetary Policy Report for 2001	Alan Greenspan	February 13, 2001	Committee on Banking, Housing, and Urban Affairs. Senate
69	Federal Reserve's Second Monetary Policy Report for 2001	Alan Greenspan	July 24, 2001	Committee on Banking, Housing, and Urban Affairs. Senate
70	Federal Reserve's First Monetary Policy Report for 2002	Alan Greenspan	March 07, 2002	Committee on Banking, Housing, and Urban Affairs. Senate
71	Federal Reserve's Second Monetary Policy Report for 2002	Alan Greenspan	July 16, 2002	Committee on Banking, Housing, and Urban Affairs. Senate
72	Federal Reserve's First Monetary Policy Report for 2003	Alan Greenspan	February 11, 2003	Committee on Banking, Housing, and Urban Affairs. Senate
73	Monetary Policy and the State of the Economy	Alan Greenspan	February 12, 2003	Committee on Financial Services. House
74	Monetary Policy and the State of the Economy	Alan Greenspan	July 15, 2003	Committee on Financial Services. House
75	Federal Reserve's Second Monetary Policy Report for 2003	Alan Greenspan	July 16, 2003	Committee on Banking, Housing, and Urban Affairs. Senate
76	Monetary Policy and the State of the Economy	Alan Greenspan	February 11, 2004	Committee on Financial Services. House
77	Federal Reserve's First Monetary Policy Report for 2004	Alan Greenspan	February 12, 2004	Committee on Banking, Housing, and Urban Affairs. Senate
78	Federal Reserve's Second Monetary Policy Report for 2004	Alan Greenspan	July 20, 2004	Committee on Banking, Housing, and Urban Affairs. Senate
79	Monetary Policy and the State of the Economy	Alan Greenspan	July 21, 2004	Committee on Financial Services. House
80	Federal Reserve's First Monetary Policy Report for 2005	Alan Greenspan	February 16, 2005	Committee on Banking, Housing, and Urban Affairs. Senate
81	Monetary Policy and the State of the Economy	Alan Greenspan	February 17, 2005	Committee on Financial Services. House
82	Monetary Policy and the State of the Economy	Alan Greenspan	July 20, 2005	Committee on Financial Services. House
83	Federal Reserve's Second Monetary Policy Report for 2005	Alan Greenspan	July 21, 2005	Committee on Banking, Housing, and Urban Affairs. Senate
84	Monetary Policy and the State of the Economy	Ben S. Bernanke	February 15, 2006	Committee on Financial Services. House
85	Federal Reserve' s First Monetary Policy Report for 2006	Ben S. Bernanke	February 16, 2006	Committee on Banking, Housing, and Urban Affairs. Senate
86	Federal Reserve' s Second Monetary Policy Report for 2006	Ben S. Bernanke	July 19, 2006	Committee on Banking, Housing, and Urban Affairs. Senate
87	Monetary Policy and the State of the Economy	Ben S. Bernanke	July 20, 2006	Committee on Financial Services. House
88	Federal Reserve' s First Monetary Policy Report for 2007	Ben S. Bernanke	February 14, 2007	Committee on Banking, Housing, and Urban Affairs. Senate
89	Monetary Policy and the State of the Economy, Part I	Ben S. Bernanke	February 15, 2007	Committee on Financial Services. House
90	Monetary Policy and the State of the Economy, Part II	Ben S. Bernanke	July 18, 2007	Committee on Financial Services. House
91	Federal Reserve' s Second Monetary Policy Report for 2007	Ben S. Bernanke	July 19, 2007	Committee on Banking, Housing, and Urban Affairs. Senate
92	Monetary Policy and the State of the Economy, Part II	Ben S. Bernanke	February 27, 2008	Committee on Financial Services. House
93	Federal Reserve' s First Monetary Policy Report for 2008	Ben S. Bernanke	February 28, 2008	Committee on Banking, Housing, and Urban Affairs. Senate
94	Federal Reserve' s Second Monetary Policy Report for 2008	Ben S. Bernanke	July 15, 2008	Committee on Banking, Housing, and Urban Affairs. Senate
95	Monetary Policy and the State of the Economy	Ben S. Bernanke	July 16, 2008	Committee on Financial Services. House
96	Federal Reserve' s First Monetary Policy Report for 2009	Ben S. Bernanke	February 24, 2009	Committee on Banking, Housing, and Urban Affairs. Senate
97	Monetary Policy and the State of the Economy, Part I	Ben S. Bernanke	February 25, 2009	Committee on Financial Services. House
98	Monetary Policy and the State of the Economy	Ben S. Bernanke	July 21, 2009	Committee on Financial Services. House
99	Federal Reserve' s Second Monetary Policy Report for 2009	Ben S. Bernanke	July 22, 2009	Committee on Banking, Housing, and Urban Affairs. Senate
100	Monetary Policy and the State of the Economy	Ben S. Bernanke	February 24, 2010	Committee on Financial Services. House
101	Federal Reserve' s First Monetary Policy Report for 2010	Ben S. Bernanke	February 25, 2010	Committee on Banking, Housing, and Urban Affairs. Senate

102	Federal Reserve' s Second Monetary Policy Report for 2010	Ben S. Bernanke	July 21, 2010	Committee on Banking, Housing, and Urban Affairs. Senate
103	Monetary Policy and the State of the Economy, Part I	Ben S. Bernanke	July 22, 2010	Committee on Financial Services. House
104	Federal Reserve' s First Monetary Policy Report for 2011	Ben S. Bernanke	March 01, 2011	Committee on Banking, Housing, and Urban Affairs. Senate
105	Monetary Policy and the State of the Economy	Ben S. Bernanke	March 02, 2011	Committee on Financial Services. House
106	Monetary Policy and the State of the Economy	Ben S. Bernanke	July 13, 2011	Committee on Financial Services. House
107	Semiannual Monetary Policy Report to Congress	Ben S. Bernanke	July 14, 2011	Committee on Banking, Housing, and Urban Affairs. Senate
108	Monetary Policy and the State of the Economy	Ben S. Bernanke	February 29, 2012	Committee on Financial Services. House
109	Federal Reserve' s First Monetary Policy Report for 2012	Ben S. Bernanke	March 01, 2012	Committee on Banking, Housing, and Urban Affairs. Senate
110	Federal Reserve' s Second Monetary Policy Report for 2012	Ben S. Bernanke	July 17, 2012	Committee on Banking, Housing, and Urban Affairs. Senate
111	Monetary Policy and the State of the Economy	Ben S. Bernanke	July 18, 2012	Committee on Financial Services. House
112	Federal Reserve' s First Monetary Policy Report for 2013	Ben S. Bernanke	February 26, 2013	Committee on Banking, Housing, and Urban Affairs. Senate
113	Monetary Policy and the State of the Economy	Ben S. Bernanke	February 27, 2013	Committee on Financial Services. House
114	Monetary Policy and the State of the Economy	Ben S. Bernanke	July 17, 2013	Committee on Financial Services. House
115	Federal Reserve' s Second Monetary Policy Report for 2013	Ben S. Bernanke	July 18, 2013	Committee on Banking, Housing, and Urban Affairs. Senate
116	Monetary Policy and the State of the Economy	Janet L. Yellen	February 11, 2014	Committee on Financial Services. House
117	The Semiannual Monetary Policy Report to the Congress	Janet L. Yellen	February 27, 2014	Committee on Banking, Housing, and Urban Affairs. Senate
118	Federal Reserve's Second Monetary Policy Report for 2014: Volume I on Oversight of the Monetary Policy Report to Congress Pursuant to the Full Employment and Balanced Growth Act of 1978	Janet L. Yellen	July 15, 2014	Committee on Banking, Housing, and Urban Affairs. Senate
119	Monetary Policy and the State of the Economy	Janet L. Yellen	July 16, 2014	Committee on Financial Services. House
120	Federal Reserve's First Monetary Policy Report for 2015	Janet L. Yellen	February 24, 2015	Committee on Banking, Housing, and Urban Affairs. Senate
121	Monetary Policy and the State of the Economy	Janet L. Yellen	February 25, 2015	Committee on Financial Services. House
122	Monetary Policy and the State of the Economy	Janet L. Yellen	July 15, 2015	Committee on Financial Services. House
123	Federal Reserve's Second Monetary Policy Report for 2015	Janet L. Yellen	July 16, 2015	Committee on Banking, Housing, and Urban Affairs. Senate
124	Monetary Policy and the State of the Economy	Janet L. Yellen	February 10, 2016	Committee on Financial Services. House
125	Federal Reserve's First Monetary Policy Report for 2016	Janet L. Yellen	February 11, 2016	Committee on Banking, Housing, and Urban Affairs. Senate
126	Federal Reserve's Second Monetary Policy Report for 2016	Janet L. Yellen	June 21, 2016	Committee on Banking, Housing, and Urban Affairs. Senate
127	Monetary Policy and the State of the Economy	Janet L. Yellen	June 22, 2016	Committee on Financial Services. House
128	The Semiannual Monetary Policy Report to the Congress	Janet L. Yellen	February 14, 2017	Committee on Banking, Housing, and Urban Affairs. Senate
129	Monetary Policy and the State of the Economy	Janet L. Yellen	February 15, 2017	Committee on Financial Services. House
130	Federal Reserve's Second Monetary Policy Report for 2017	Janet L. Yellen	July 13, 2017	Committee on Banking, Housing, and Urban Affairs. Senate
131	Monetary Policy and the State of the Economy	Jerome H. Powell	February 27, 2018	Committee on Financial Services. House
132	The Semiannual Monetary Policy Report to the Congress	Jerome H. Powell	March 01, 2018	Committee on Banking, Housing, and Urban Affairs. Senate
133	Federal Reserve's Second Monetary Policy Report for 2018	Jerome H. Powell	July 17, 2018	Committee on Banking, Housing, and Urban Affairs. Senate
134	Monetary Policy and the State of the Economy	Jerome H. Powell	July 18, 2018	Committee on Financial Services. House
135	The Semiannual Monetary Policy Report to the Congress	Jerome H. Powell	February 26, 2019	Committee on Banking, Housing, and Urban Affairs. Senate
136	Monetary Policy and the State of the Economy	Jerome H. Powell	February 27, 2019	Committee on Financial Services. House
137	Monetary Policy and the State of the Economy	Jerome H. Powell	July 10, 2019	Committee on Financial Services. House

138	The Semiannual Monetary Policy Report to the Congress	Jerome H. Powell	July 11, 2019	Committee on Banking, Housing, and Urban Affairs. Senate
139	Monetary Policy and the State of the Economy	Jerome H. Powell	February 11, 2020	Committee on Financial Services. House
140	The Semiannual Monetary Policy Report to the Congress	Jerome H. Powell	February 12, 2020	Committee on Banking, Housing, and Urban Affairs. Senate
141	The Semiannual Monetary Policy Report to Congress	Jerome H. Powell	June 16, 2020	Committee on Banking, Housing, and Urban Affairs. Senate
142	Monetary Policy and the State of the Economy	Jerome H. Powell	June 17, 2020	Committee on Financial Services. House
143	The Semiannual Monetary Policy Report to the Congress	Jerome H. Powell	February 23, 2021	Committee on Banking, Housing, and Urban Affairs. Senate
144	Monetary Policy and the State of the Economy	Jerome H. Powell	February 24, 2021	Committee on Financial Services. House
145	Monetary Policy and the State of the Economy	Jerome H. Powell	July 14, 2021	Committee on Financial Services. House
146	The Semiannual Monetary Policy Report to the Congress	Jerome H. Powell	July 15, 2021	Committee on Banking, Housing, and Urban Affairs. Senate
147	Monetary Policy and the State of the Economy	Jerome H. Powell	March 02, 2022	Committee on Financial Services. House
148	Monetary Policy and the State of the Economy	Jerome H. Powell	June 23, 2022	Committee on Financial Services. House
149	The Federal Reserve's Semi-Annual Monetary Policy Report	Jerome H. Powell	March 08, 2023	Committee on Financial Services. House

Table 15
Statement-Level Partisan Sentiment Regressions

Individual-level interaction regressions

	(1)	(2)	(3)
	Sentiment 1	Sentiment 2	Sentiment 3
Republican speaker	0.1203***	0.0859***	0.0720***
	[2.87]	[3.88]	[3.06]
Rep. president	-0.1127**	-0.0576**	-0.0430**
	[-2.30]	[-2.36]	[-1.97]
Post-2000	0.0863*	0.0694***	0.0687***
	[1.78]	[3.11]	[2.89]
Rep. speaker × Rep. pres.	-0.0389	-0.0251	-0.0234
	[-0.77]	[-0.86]	[-0.82]
Rep. speaker × Post-2000	-0.2789***	-0.1871***	-0.1688***
	[-5.71]	[-6.63]	[-5.74]
Rep. pres. × Post-2000	0.0167	-0.0101	-0.0271
	[0.25]	[-0.27]	[-0.73]
Rep. speaker × Rep. pres. × Post-2000	0.2907***	0.1952***	0.1892***
	[3.54]	[3.94]	[4.12]
Constant	0.0361	-0.0106	-0.0629***
	[0.87]	[-0.60]	[-3.77]
N	30159	30159	28333
Adj. R^2	0.017	0.021	0.019

This table reports statement-level partisan sentiment regressions. The unit of observation is the individual statement, and the dependent variable is the statement-level sentiment score. Columns (1)–(3) correspond to Sentiment 1, 2, and 3, respectively. Each column estimates a full-factorial regression in three binary indicators: Republican speaker, Republican president, and Post-2000. The key coefficient is the three-way interaction Republican × Rep. president × Post-2000, which tests whether the partisan gap in speaker sentiment is specifically elevated when a Republican president is in office after 2000, beyond what the lower-order interactions would predict. Standard errors are clustered by year, and t-statistics are in brackets. $^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$.

Table 16
Fiscal–Monetary Policy Mix and Daily Equity Market Outcomes

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Stock–Bond Corr.			|Equity Ret.|			Equity RV		
Hearing day	0.0357***			0.0209			0.1418*		
	[3.14]			[0.62]			[1.79]		
Policies offset		0.0553***			0.0685			0.1655**	
		[4.07]			[1.36]			[2.01]	
Policies aligned		-0.0139			0.1341			0.4434	
		[-0.42]			[1.01]			[1.15]	
Expan fiscal + Tight monetary			0.0455**			0.0891			0.1773
			[2.42]			[1.35]			[1.37]
Contr fiscal + Loose monetary			0.0707***			0.0357			0.1475***
			[3.63]			[0.47]			[3.18]
Both tight			-0.0034			0.2236			-0.0483
			[-0.06]			[0.90]			[-1.15]
Both loose			-0.0197			0.0837			0.7196
			[-0.51]			[0.55]			[1.23]
Year×Month FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	10925	10925	10925	10925	10925	10925	10925	10925	10925
Adj. R^2	0.774	0.774	0.774	0.218	0.218	0.218	0.347	0.347	0.347

This table repeats the fiscal–monetary policy mix analysis of Table 6 for equity-market outcomes. Each column is a separate OLS regression, and the unit of observation is the trading day. All coefficients are measured relative to non-hearing days; see Table 6 for the policy mix definitions. Stock–Bond Corr. is the daily realized correlation of S&P 500 and 10-year Treasury futures one-minute log returns, repeated from Table 6 for comparison. |Equity Ret.| is the absolute daily open-to-close log return on S&P 500/E-mini futures, in percentage points. Equity RV is the sum of squared one-minute equity log returns within the day, scaled by 10,000 and expressed in basis points squared. All specifications include year×month fixed effects. t-statistics, clustered by calendar year, are in brackets. $^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$.